

TEXAS DEPARTMENT OF MOTOR VEHICLES
MOTOR VEHICLE INDUSTRY REGULATION ADVISORY COMMITTEE
(MVIRAC)
MEETING

OPEN MEETING VIA TELEPHONE CONFERENCE CALL

PUBLIC PHYSICAL LOCATION
Texas Department of Motor Vehicles
4000 Jackson Avenue
Building 1
Lone Star Room
Austin, Texas 78731

Thursday,
December 16, 2021
9:00 a.m.

COMMITTEE MEMBERS:

David Blassingame, Presiding Officer
Scott Stark, First Vice Chair
Trey Sralla, Second Vice Chair
Michael Bradburn
Mark Brown (absent)
Christopher Donnelly
Laird Doran
Rita Edwards
Phil Elam
Buddy Ferguson
Julio Gonzalez
Joshua Greenlaw (absent)
Russell Hayter
Jeff Martin (absent)
William Murphy
Steve Prather
Franklin Sims (absent)
Mike Sullivan
Kalien Thomas
Jimmy Vitela (absent)
Greg Zak

ON THE RECORD REPORTING
(512) 450-0342

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P R O C E E D I N G S

1
2 MR. BLASSINGAME: Good morning. My name is
3 David Blassingame. I am pleased to open the third meeting
4 of the Motor Vehicle Industry Regulation Advisory
5 Committee. For ease of reference, I will be referring to
6 this committee as MVIRAC, which is the acronym for this
7 committee.

8 It is about 9:00 a.m., and I'm calling the
9 MVIRAC meeting for December 16, 2021 to order. I want to
10 note for the record that the public notice of this meeting
11 contains all the items on the agenda and was filed with
12 the Office of Secretary of State on December 8, 2021.

13 This meeting is being held by telephone
14 conference call, in accordance with Texas Government Code
15 Chapter 551.125. Members of the public may physically
16 attend this meeting in person at the headquarters location
17 at 4000 Jackson Avenue, Building 1, Lone Star Room,
18 Austin, Texas 78731, or attend this meeting by calling the
19 toll-free number, which is posted in our agenda, which was
20 filed with the Office of the Secretary of State on
21 December 8, 2021.

22 We have one member in person with the vast
23 majority of the advisory committee members, including
24 myself, participating remotely via telephone conference
25 call.

1 At this time will all attendees please mute
2 your phone for the entire duration of this meeting. I'm
3 asking our meeting host to make sure all participants'
4 phones are muted except for advisory committee members and
5 those who are presenting. Callers will be removed for any
6 disruption, including background noise.

7 I would like to remind all participants that
8 this is a telephone conference call meeting. Because this
9 meeting is being held by telephone conference call there
10 are a few things that the department thinks will assist in
11 making the meeting run smoother and assist the court
12 reporter in getting an accurate record.

13 Please identify yourself before speaking; speak
14 clearly; remember that there may be a slight delay due to
15 the telephone conference call meeting so wait a little bit
16 longer than usual before responding to participants; do
17 not speak over others; please ask the presiding officer to
18 proceed and be sure to get recognized before speaking.

19 For advisory committee members participating by
20 phone only, please use the instructions provided to raise
21 your hand. Once unmuted by the meeting host, your line
22 will remain unmuted for the duration of the meeting.

23 Please be mindful of any background noises. To
24 limit background noises, please keep your line muted on
25 your end until you are ready to speak. When ready to

1 speak, unmute your line, state your name for the record,
2 and ask for the floor and wait to be recognized before
3 speaking.

4 I would also like to thank our court reporter
5 who is transcribing this meeting. To make sure we have an
6 accurate record of the meeting, it is very important that
7 advisory committee members and anyone presenting today
8 identify themselves before speaking and speak clearly and
9 slowly.

10 If you wish to address this advisory committee
11 or speak on an agenda item during today's meeting, please
12 send an email to: GCO_general@TxDMV.gov. That's
13 GCO_General@TxDMV.gov.

14 Please identify in your email the specific item
15 you're interested in commenting on, your name and address,
16 and whether you are representing anyone or speaking for
17 yourself. If your comment does not pertain to a specific
18 agenda item, we will take your comment during the general
19 public comment portion of the meeting, which is listed on
20 the agenda.

21 Comments should be pertinent to the issue
22 stated in your email. When addressing the advisory
23 committee, please state your name and affiliation for the
24 record.

25 Before we begin today I'd like to remind all

1 presenters and those in attendance of the rules of conduct
2 at our advisory committee meetings. In the department's
3 rules under 43 TAC, Section 206.22, the presiding officer
4 is given the authority to supervise the conduct of
5 meetings.

6 This includes the authority to determine when a
7 speaker is being disruptive of the meeting or is otherwise
8 violating timing or presentation rules I just discussed.
9 Disruptive speakers will be muted, given a warning about
10 disruptive behavior, and then removed from the meeting for
11 any continued disruption.

12 Advisory committee members, please let us know
13 immediately if you are no longer able to participate in
14 the meeting for any reason. If your phone call drops or
15 you're disconnected, TxDMV staff will interrupt the
16 meeting to let us know how to get you back online before
17 we proceed with the agenda.

18 Agenda item 1. Roll call and establishment of
19 quorum. I'd like to do a roll call now and have the
20 advisory committee members please respond verbally when I
21 call your name. Please indicate you are present.

22 Member Bradburn, Sr., are you present?

23 Let me ask a question real quickly. Do we have
24 a quorum established already?

25 MR. RICHARDS: Yes, sir, we do. And actually,

1 we just found out that several members came in person.
2 They didn't indicate that they were.

3 So Member Bradburn, I'm told, is in the Lone
4 Star Room here at Jackson Avenue.

5 MR. BLASSINGAME: Okay. Since we already have
6 established a quorum, do you want me to go through this
7 entire list?

8 MR. RICHARDS: Yes, sir.

9 MR. BLASSINGAME: Okay.
10 Member Brown, are you present?

11 (No response.)

12 MR. BLASSINGAME: Member Donnelly, are you
13 present?

14 MR. RICHARDS: Presiding Officer Blassingame, I
15 am also told that Member Donnelly has appeared in person
16 and is in the Lone Star Room as well.

17 MR. BLASSINGAME: Got it.

18 Member Doran, are you present?

19 MR. RICHARDS: Presiding Officer Blassingame,
20 I'm told that Member Doran has also appeared in person
21 here at the department headquarters.

22 MR. BLASSINGAME: Got it.

23 Member Edwards, are you present?

24 (No response.)

25 MR. BLASSINGAME: Member Elam, are you present?

1 MR. ELAM: Present, sir.

2 MR. BLASSINGAME: Member Ferguson, are you
3 present?

4 MR. FERGUSON: Present.

5 MR. BLASSINGAME: Member Gonzalez, are you
6 present?

7 MR. GONZALEZ: Present.

8 MR. BLASSINGAME: Member Greenlaw, are you
9 present?

10 (No response.)

11 MR. BLASSINGAME: Member Hayter, are you
12 present?

13 MR. HAYTER: Present.

14 MR. BLASSINGAME: Member Martin, are you
15 present?

16 (No response.)

17 MR. BLASSINGAME: Member Murphy, are you
18 present?

19 MR. RICHARDS: Member Murphy, you will need to
20 unmute yourself and respond.

21 He's on the call.

22 MR. BLASSINGAME: I got him. Okay.

23 Member Prather Senior, are you present?

24 MR. RICHARDS: Member Prather, you'll need to
25 unmute yourself as well.

1 MR. BLASSINGAME: He still shows to be muted.

2 MR. PRATHER: Okay. It just unmuted this. I'm
3 here, Prather.

4 MR. BLASSINGAME: Thank you.

5 Member Sims, are you present?

6 (No response.)

7 MR. BLASSINGAME: Member Sralla, are you
8 present?

9 (No response.)

10 MR. BLASSINGAME: Member Stark, are you
11 present?

12 MR. STARK: Yes, sir, I'm present.

13 MR. BLASSINGAME: Member Sullivan, are you
14 present?

15 MR. RICHARDS: Presiding Officer Blassingame,
16 Member Sullivan is also at department headquarters in the
17 Lone Star Room, so he is present.

18 MR. BLASSINGAME: Thank you, sir.

19 Member Thomas, are you present? Member Thomas?

20 (No response.)

21 MR. BLASSINGAME: Member Vitela, are you
22 present?

23 (No response.)

24 MR. BLASSINGAME: Member Zak, are you present?

25 MR. ZAK: Present.

1 MR. BLASSINGAME: I am David Blassingame, and I
2 am present too. We have a quorum.

3 The purpose of this committee is to assist the
4 department in obtaining feedback regarding important
5 legislation. Advisory committees such as MVIRAC provide
6 valuable input for the department in their advising
7 capacity concerning issues related to the regulation of
8 the motor vehicle industry.

9 We can move on to agenda discussion 2.
10 Members, I will now move on to item 2.A. Implementation of
11 a plan for advisory committee recommendations regarding
12 House Bill 3927.

13 I will turn the meeting over to Monique
14 Johnston, director of the Motor Vehicle Division and
15 Roland Luna, director of the Vehicle Titles and
16 Registration Division, who will present item number 2.A.i.

17 MR. LUNA: Presiding Officer Blassingame,
18 Roland Luna, Vehicle Titles and Registration Division
19 director.

20 Before we begin with agenda item 2.A., I would
21 like to have our general counsel, Ms. Tracey Beaver,
22 provide some comments before we address this agenda item.

23 Ms. Beaver.

24 MS. BEAVER: Good afternoon. Tracey Beaver,
25 general counsel, for the record.

1 May I have the floor, Chairman?

2 MR. BLASSINGAME: Yes, ma'am.

3 MS. BEAVER: Thank you.

4 I wanted to let everyone know the purpose of
5 the advisory committee meeting today, give a little bit of
6 background on the information that was provided at the
7 last board meeting, and also give some context as to the
8 request from the board for this advisory committee to
9 consider rulemaking to implement HB 3927 regarding the
10 temporary tag database metrics.

11 And so I wanted to go over a little bit of
12 background on HB 3927, in that there were two rule
13 proposals that were considered by the board in the October
14 board meeting.

15 One of those rules dealt with the limits that a
16 dealer/converter may have in the temporary tag database,
17 and that's what we call metrics, so it's the number of
18 tags that may be issued by those dealers or converters.

19 The second rule that implemented 3927 dealt
20 with the end result of being able to cut off access to
21 that database by the department if there was fraud found.

22 And so I wanted to give that context today that
23 this advisory committee is being asked to consider the
24 policy and the metrics, the actual numbers that went into
25 the calculation for how many temporary tags should dealers

1 and converters be allowed to issue based on the
2 implementation of HB 3927. During this committee meeting
3 the cutoff of anybody using the temporary tag database due
4 to potential fraud is not on the agenda for today.

5 So I wanted to make mention that we very much
6 value the discussion and deliberation that this advisory
7 committee has had in the past, and we very much look
8 forward to hearing what this advisory committee determines
9 and discusses regarding what metrics should the department
10 use in determining how many temporary tags a dealer or
11 converter should be able to issue.

12 And so we have staff from the department here
13 today who are going to go over the metrics, how they were
14 developed, a little bit about the process, and of course,
15 they're available to answer any questions.

16 That is going to be the first agenda item for
17 the meeting today, and the board at the October board
18 meeting did ask that this committee come back together to
19 consider what those metrics for issuance of temporary tags
20 should be, consider any of the public comments that the
21 department got from the proposed rules for metrics for
22 temporary tag database, and have discussion to help the
23 department and the board ultimately come to that policy
24 decision of how should these temporary tag metrics be
25 determined, to ensure that we don't have any harm to the

1 good actors who are in the motor vehicle industry and that
2 we are actually curtailing the bad actors and helping to
3 eliminate fraud in the issuance of temporary tags.

4 The department considers it very important that
5 we have balance between having those good actors who are
6 doing business in the state not have any barriers to
7 continue to do business but still be able to ensure that
8 we have tools to deter and/or cut off those folks who
9 might be using the database for items to effectuate fraud
10 or using these temporary tags in an improper manner.

11 I just wanted to give a little bit of context
12 that the board has asked that this advisory committee
13 consider those metrics for the implementation of HB 3927
14 temp tag metrics, and we very much appreciate your time,
15 consideration, and expertise in helping to guide this very
16 important policy issue for the department.

17 And that's all I have. Thank you.

18 MR. BLASSINGAME: Thank you, Tracey.

19 Are there any questions having to do with her
20 presentation?

21 (No response.)

22 MR. BLASSINGAME: Members, just a reminder, if
23 you want to comment or ask questions, please unmute
24 yourself and ask for the floor, then wait to be
25 recognized.

1 Are there any other discussions?

2 MR. PRATHER: This is Steve Prather. May I
3 speak a minute?

4 MR. BLASSINGAME: Yes.

5 MR. PRATHER: Okay. Thank you for this
6 opportunity.

7 In the last two meetings we had, it was brought
8 up by the law enforcement people on the conference call
9 and also the staff that the concerns and the issues that
10 have arisen out of this fraudulent use of the database has
11 all been tied to the independent dealers, and one of the
12 comments, the public comments that came in said it's a
13 small subset of the independent dealers, and I understand
14 it's a small subset and unfortunately you've got to make
15 rules for a lot of people for a few bad people.

16 But y'all also said that the department didn't
17 get any more full-time employees out of this bill, which
18 means it's going to put additional burden of work on the
19 department.

20 Since there was no evidence that anybody in the
21 franchise world has had any issues, and y'all have
22 somewhat of a distinction between a franchised and an
23 independent dealer, wouldn't it make sense, since there
24 are not any problems with the franchised dealers, you
25 leave them alone in their own category and address the

1 problem with the independent dealers?

2 I've been -- as I shared with y'all before,
3 I've been a franchised dealer for many years; I've been an
4 independent dealer for some years. I'm neither one now,
5 I'm fully retired, so as they say, I don't have a dog in
6 this fight, but I just want to add whatever I might be
7 able to add that would be beneficial to the group.

8 But the amount of money to enter the
9 independent franchise world that these culprits are
10 participating in is very little.

11 Now, an independent dealer can have a lot of
12 inventory and they can have a lot of facilities, but they
13 don't have the requirements that a franchised dealer has.

14 So I don't think your bad actors are going to be out
15 trying to buying franchised dealerships and put up the
16 millions or the tens of millions of dollars that's
17 involved to sell fraudulent tags.

18 I think they're going to go put up their
19 \$50,000 bond, which is just an insurance policy, and
20 they're going to go buy a desk and a chair and a telephone
21 and a sign, and they're going to get a license.

22 So to add the additional burden for the State
23 to have to manage the franchised dealer section as well as
24 the independent dealer section looks to me like just a
25 whole bunch more work on the State, and it puts an undue

1 burden on the car dealer to have to go through this also,
2 the franchised auto dealer.

3 So is there any appetite to separate the two
4 and leave the franchised dealer alone just like they are?

5 Now, down the road if you see that there's
6 problems with the car dealer, the franchised car dealer,
7 you can come back and add that into this, but to fix
8 something that's not broken just looks like a whole bunch
9 of work for a whole bunch of people for no purpose.

10 MR. RICHARDS: Presiding Officer Blassingame,
11 this is David Richards. May I have the floor?

12 MR. BLASSINGAME: Yes, sir.

13 MR. RICHARDS: Thank you. We greatly
14 appreciate Member Prather's comment. If I might suggest,
15 let's go back to the agenda.

16 Ms. Beaver's comments were just introductory,
17 and in the interest of time, we'd like to go back to Ms.
18 Johnston and Mr. Luna, and perhaps they can address Member
19 Prather's comment during their presentation.

20 So I would ask that we go back to the agenda
21 and let them have the floor.

22 Thank you.

23 MR. BLASSINGAME: Okay. So members, I will now
24 move to on to agenda item 2.A. Implementation plan for
25 advisory committee recommendations regarding House Bill

1 3927, and I will turn the meeting over to Monique
2 Johnston, director of Motor Vehicles, and Roland Luna,
3 director of Vehicle Titles and Registration Division, who
4 will present item 2.A.i.

5 MS. JOHNSTON: Good morning, Presiding Officer
6 Blassingame and members. I am Monique Johnston, director
7 of the Motor Vehicle Division, and may I have permission,
8 please, to begin my presentation?

9 MR. BLASSINGAME: You may have the floor.

10 MS. JOHNSTON: Thank you.

11 Documents related to agenda item 2.A. start on
12 page 5 of your materials. Before I start to go into the
13 overview, just to recap on HB 3927 and Member Prather's
14 comment, the statute and the bill that was adopted does
15 not distinguish or allow us to make a distinction between
16 the franchised and independent dealers.

17 We do have to have set metrics for both for all
18 the dealers who issue the tags; however, we can set
19 different standards for those dealers and that's what was
20 done in the proposed rule package.

21 So unfortunately, we could not just leave the
22 franchised out of the rules in general; however, there is
23 the option to distinguish the max limits for each of those
24 dealers and differentiate between the independent dealers
25 and the franchised dealers, so just to kind of cover that

1 comment by Member Prather that we can't just not consider
2 the franchised dealers as part of this bill.

3 As a recap from our previous advisory committee
4 meetings, House Bill 3927 has authorized TxDMV to
5 establish the maximum number of temporary tags that a
6 dealer or converter may obtain in a calendar year. The
7 bill provides the department necessary tools to reduce the
8 fraudulent issuance of temporary tags and, when
9 appropriate, stop the fraudulent activity by preventing
10 access to the temporary tag database.

11 Setting the maximum temporary tag limits
12 required the department to carefully balance the need to
13 combat fraud while ensuring lawfully operating dealers and
14 converters can continue to conduct business efficiently
15 and minimizing any administrative burden for both the
16 license holders and the department.

17 When drafting the proposed rules and developing
18 the metrics to set the max tag limits, HB 3927 required
19 the department to consider several factors, including time
20 in operation, sales data, expected growth, expected market
21 changes in the dealer's or converter's market, temporary
22 changes that affect sales, and then any other information
23 that the TxDMV considers relevant.

24 These factors, as well as input provided by
25 this committee during our two previous meetings, were

1 considered when drafting the proposed rules which are
2 included in your materials starting on page 11, and these
3 were also considered when setting the max tag limits and
4 the formula and the methodology for the independent
5 dealers and our franchised dealers.

6 To give a background overview of the
7 methodology and how those metrics were determined, I would
8 like to now turn over the presentation to Clint Thompson,
9 deputy director of our Vehicle Title and Registrations or
10 VTR Division. He will provide the recap of the
11 methodology the department used to develop the metrics for
12 the max tag limits that are presented in the proposed rule
13 package.

14 MR. THOMPSON: Thank you, ma'am.

15 Good morning, Presiding Officer Blassingame.
16 Clint Thompson, deputy director of the Vehicle Titles and
17 Registration Division. If I could have the floor, please?

18 MR. BLASSINGAME: You can have the floor.

19 MR. THOMPSON: Thank you, sir.

20 As Director Johnston indicated, I'll be
21 covering what is identified as the methodology for setting
22 maximum tag limits, which starts on the bottom of page 5
23 and continues on to page 6 of the committee material.

24 As well, I'm going to walk through specifics on
25 the metrics proposed in Rule 15.152 that establishes the

1 maximum tag limits, and later on in the presentation for
2 this agenda item, we'll provide an overview of the
3 comments received regarding the rule proposal, so it is
4 important that we understand how the maximum tag limits
5 would work as proposed when considering the comments that
6 we received.

7 It's also important to understand the maximum
8 tag limits are intended to lessen the potential for
9 fraudulent tag issuance. In doing so, we wanted to give
10 the department the ability to not only detect fraud early
11 but to ultimately stop the fraud relative to any entity
12 that's committing the fraud.

13 As stated in the preamble, though, and in prior
14 committee meetings, the department recognizes implementing
15 fraud prevention and detection mechanisms should not
16 adversely impact dealers or converters who are not
17 fraudulently issuing tags.

18 And to that end, the data sources that we used
19 are those available to the department. We used those so
20 that we did not have to have dealers or converters submit
21 information to the department or take any action, for that
22 matter, to establish maximum tag limits.

23 And, Member Prather, to the point of your
24 comment on the burden to dealers and the department,
25 that's exactly why we've taken this approach.

1 We've established the maximums for licensees on
2 the front end using the various metrics that I'll get into
3 shortly and the role to prevent licensees from actually
4 having to exert any effort to receive a maximum.

5 And the method that we've used in order to
6 establish these, while there may be some work on the front
7 end for the department, the intent is to do this
8 programmatically so that we lessen the burden while we
9 maintain this and implement it in the future.

10 So again, the data sources that we used were
11 actual tag issuance specific to the tag type for each
12 licensee over the three previous fiscal years, title
13 transaction data over the same period, license data to
14 determine years in operation, and statewide tag issuance
15 for each tag type to determine potential growth.

16 We did attempt to establish a maximum that
17 provided sufficient room for those legitimate businesses
18 to operate and grow without having to request additional
19 tags, again reducing the burden on them and the department
20 to fulfill those requests, while limiting the amount of
21 fraud an entity could commit before being detected, and
22 again, ultimately stopped.

23 In doing so, we also provided flexibility for
24 the department to increase maximum limits based on a
25 variety of factors identified in statute without

1 licensees, again, having to request those tags and built
2 in a process where legitimate businesses could easily
3 request additional tags should the need arise, which
4 Director Johnston will cover that at the conclusion of my
5 presentation.

6 So proposed 215.152 specifies for each tag type
7 the department will notify licensee of their maximum tag
8 allotment, and that will be accomplished through the eTAG
9 system.

10 When folks log into eTAG upon implementation of
11 these maximums, they will have visibility of the maximum
12 for their dealership for the particular tag type. And
13 again, using the data I mentioned previously, a formula
14 was developed specific to each tag type.

15 I'll start with the buyer tags, so buyer tags
16 we all know issue to a retail purchaser of a vehicle from
17 a licensed Texas dealer. The criteria that Director
18 Johnston covered, one of those was sales data, and to
19 determine sales data the department used the maximum
20 number of in-state buyer tags issued during the three
21 prior fiscal years or the maximum number of title
22 transactions processed through the Registration and Title
23 System by county tax assessor-collectors. We took the
24 greater of the two to ensure that we were affording the
25 maximum possible cushion to dealers.

1 In addition to that number, the greater of
2 those two, we added the maximum number of out-of-state
3 buyer tags issued by the dealer over the three prior
4 fiscal years.

5 Now, there is a constraint placed on that, and
6 this is a fraud mechanism that you'll see; there is a
7 comparison to the total number of in-state buyer tags
8 issued by a dealer relative to the title applications
9 processed in the Registration and Title system, and the
10 purpose of that, we know that we have entities
11 fraudulently issuing tags for vehicles that they are not
12 selling; therefore, we have no corresponding title
13 application, so to merely give folks the amount of tags
14 that they were issuing relative to in-state purchasers
15 would simply facilitate fraud by not having a check and
16 balance to the corresponding title application.

17 In addition to establishing that base, there is
18 a multiplier that is applied to that base number based on
19 the dealer's time in operation. The preamble specifies
20 that for each year in operation up to ten years a dealer
21 would receive an increase of 10 percent, and ultimately
22 once that dealer reaches 10 percent and beyond, they would
23 receive twice the number of tags that they previously
24 issued.

25 In addition to that, a growth factor was

1 calculated, and basically what this did on top of the base
2 and on top of the multiplier for the dealer's time in
3 operation, the dealer receives an additional allotment of
4 tags based on statewide average tag issuance specific to
5 buyer tags.

6 For vehicle specific, agent tags, and converter
7 tags, the methodology is similar for the three. The only
8 difference between those and the buyer tags obviously is
9 we don't have in-state versus out-of-state or
10 corresponding title applications.

11 These tag types are used in dealer operations
12 to move vehicles to auction, maintenance, things of that
13 nature, but again, the methodology is the same for all
14 three of them.

15 We take the greatest number of specific tag
16 issuance over the prior three fiscal years and use that as
17 a base, and much like the buyer tags or exactly like the
18 buyer tags, we grow that number based on the dealer's time
19 in operation, again 10 percent per year up to ten years,
20 and then look at the specific tag type for the statewide
21 average growth, which must be greater than zero for the
22 tag type, and apply that to both of those calculations.

23 For each of these tag types, in addition to the
24 considerations of sales data, growth, time in operation,
25 the department also has the ability, without folks to

1 request additional tags, to increase that tag allotment
2 statewide, geographically, specific county, based on
3 changes in the market, temporary conditions that may
4 affect sales, and also any other information that the
5 department considers relevant.

6 So that formula that is proposed is for
7 existing licensees for which the department has historical
8 data.

9 Before I move to the metrics for new licensees,
10 I want to provide an example of how the formula will work.

11 That way we can see, based on numbers, what a dealer can
12 expect to see on implementation of the rule as proposed.

13 So again, based on those metrics for -- and
14 we'll use buyer tags -- the in-state compared to title
15 transactions added to out-of-state, considering years in
16 service and the growth rate.

17 So if we take a dealer that has been in
18 operation for ten years or more and their maximum buyer
19 tag issuance in any of the three prior fiscal years was
20 1,000 and their maximum out-of-state buyer tag issuance
21 for any of the three prior fiscal years was 100, again
22 assuming that their title transactions are commensurate to
23 their in-state buyer tag issuance, that gets them a base
24 of 1,100, adding the maximum in-state and maximum out-of-
25 state over any of the three prior fiscal years.

1 Given the ten years in service, the increase
2 again equates to twice as many tags, so 1,100 tags issued
3 in-state and out-of-state, the dealer automatically
4 receives 2,200.

5 In addition to that, the dealer will receive a
6 further increase of what has been calculated at the time
7 of proposal, 9.7 percent based on statewide growth which
8 would allow the dealer to have a maximum of 2,414, so
9 roughly 2,400 buyer tags available to a dealer who issued
10 a maximum of 1,100 over the course of the prior three
11 fiscal years.

12 Now, obviously with 1,000 being the maximum for
13 in-state buyer tag issuance, any of the other two fiscal
14 years would have to be equal to or less than that, so
15 let's take a dealer who issued 1,000 buyer tags to Texas
16 residents in 2018 and also issued 1,000 buyer tags to
17 Texas residents in 2019.

18 The limit established with the current metrics
19 providing him 2,414 tags exceeds the 2,000 in-state buyer
20 tags that they issued over the course of two years. They
21 have that allotment more than two years' worth of issuance
22 in one calendar year afforded to them.

23 The purpose in doing this, again, is to
24 evaluate historical data, allow those dealers who are
25 conducting legitimate operations to have a cushion

1 sufficient to continue those operations, and afford them
2 cushion for growth without having to burden them to come
3 to the department to request additional tags, and also,
4 obviously, for the department to have to fulfill those
5 requests.

6 Now, briefly I want to cover maximum tag limits
7 for new licensees. As I indicated, we obviously do not
8 have the historical data for new licensees, so a maximum
9 was established by each type of licensee and tag type,
10 based on a variety of factors, including input from this
11 committee.

12 So new franchised dealers, the current proposal
13 allows them to obtain 600 buyer tags, 600 agent tags and
14 600 vehicle tags when they obtain their license.
15 Independent motor vehicle dealers are able to obtain 300
16 buyer tags, 300 agent tags, and 300 vehicle specific tags.
17 And as well, converters in the proposal are afforded 600
18 converter tags.

19 One qualifier to that is basically the
20 allotment, so that's the maximum allotment for a new
21 licensee, that allotment is prorated based on when the
22 entity obtains their license.

23 So we have a franchised dealer who obtains
24 their license halfway through the year; they'll get half
25 of the 600. Same thing for an independent, an independent

1 obtains a dealer license halfway through the year, they'll
2 get 150, and it depends on obviously when they entered the
3 market or obtained a license relative to the percentage
4 that they get.

5 We also, again working with the committee,
6 understand that there is not a finite. If you're just a
7 new dealer, there are circumstances where existing dealers
8 open a new location, existing dealers move locations,
9 things of that nature. We have also contemplated that in
10 the rule for those entities.

11 If you are an existing dealer or converter
12 moving operations from one location to another, you will
13 simply carry that allocation with you, so the maximum
14 established based on your historical numbers, years in
15 service and growth rate will move to your new location
16 with you. And as you operate at that new location, you
17 will continue to establish the historical data that will
18 be considered moving forward.

19 We also, again, contemplated an existing dealer
20 or converter opening an additional location. Recognizing
21 that that's an established business already, that new
22 location will receive the same maximum allotment based on
23 allotment provided to the existing locations.

24 So again, we have the metrics for dealers with
25 established license history and historical data with the

1 department, we have the maximum set for new licensees and
2 also have accounted for various operations or changes in
3 operation for existing dealers moving locations or opening
4 additional locations.

5 And so now I'll turn it back over to Director
6 Johnston so she can cover how licensees would request more
7 tags should the need arise.

8 MS. JOHNSTON: Thank you, Mr. Thompson.

9 Hello again. Monique Johnston for the record.

10 Presiding Officer Blassingame, may I have the floor,
11 please?

12 MR. BLASSINGAME: You may.

13 MS. JOHNSTON: Thank you.

14 The department has designed the process to
15 request additional tags to be seamless and quick for
16 legitimate dealers who have a justification for those
17 tags. The format for the online request form is
18 consistent with the other applications that dealers
19 currently use in our eLICENSING system.

20 As explained by Mr. Thompson, a dealer's max
21 tag limit and how many tags they have remaining will be
22 reflected in the eTAG system on the same page where a
23 dealer would issue a tag. So every time they would go in
24 to issue a tag, they will see how many tags they have
25 left.

1 The page will also contain static language
2 about requesting additional tags once they've hit the 50
3 percent limit, and it will provide a link with detailed
4 instructions on our website on how to submit a request for
5 those additional tags.

6 Under the current proposed rule, after using 50
7 percent of their allotted maximum number of tags, a dealer
8 or converter may request an increase in the number of tags
9 from the department.

10 The request again is made by using the
11 department's eLICENSING system, again the same system they
12 use to apply for, amend or renew a license or to request
13 new or replacement metal dealer and converter plates.

14 The eLICENSING landing page will include a new
15 tile titled "eTAG limits," and this is what they would go
16 into once they've logged into their eLICENSING account;
17 they would select this tile in order to start the process
18 to request additional tags.

19 Just like the license application process,
20 eLICENSING will walk the user through each step required
21 for submitting the request. In eLICENSING requesters will
22 upload the documents to support their request for the
23 additional tags.

24 Supporting documentation must demonstrate the
25 need for the additional tags and include things such as

1 sales and tax reports, information regarding their
2 anticipated needs, documentation of expected growth,
3 expected changes in the dealer's market, temporary
4 conditions that may affect sales by the dealer or
5 converter. After completing the request, it will be
6 submitted to the Motor Vehicle Division, MVD, for review
7 by staff.

8 Currently the system is designed to have all
9 the requests go to a dedicated queue on the internal site
10 of eLICENSING. MVD will be monitoring this queue daily
11 during business hours to ensure timely processing of all
12 the requests.

13 A few other things to note is that the process
14 for submitting a request to increase tag limits follows a
15 very similar process in eLICENSING applying for the
16 license or requesting plates.

17 There's no limit on the amount of additional
18 temporary tags a dealer or converter may request as long
19 as they have the justification for those tags. There is
20 no limit on the number of requests for an increase in
21 temporary tags a dealer or converter may submit to MVD.

22 If the request for increase is denied, the
23 dealer or converter may appeal this denial to the MVD
24 director, and the director's decision on that appeal is
25 final.

1 However, once a denial is final, a dealer or
2 converter can submit a subsequent request in the same
3 calendar year with the caveat that the supporting new
4 documentation they are submitting provided was not
5 previously considered as part of the request.

6 Again, this will be a quick and efficient
7 process for our lawfully operating dealers and ensures
8 there will be no disruption in a legitimate dealer's
9 business.

10 This concludes my presentation regarding the
11 process to request additional tags, and I'm here to answer
12 any questions. Thank you.

13 MR. BRADBURN: Member Bradburn. Question.

14 MR. BLASSINGAME: Member Bradburn, please
15 speak.

16 MR. BRADBURN: Thank you.

17 First off, on the 3927, I want to say as law
18 enforcement, our office in CLEAT, when you got it passed
19 as far as turning off the dealers, we never had an issue
20 or saw an issue with franchised dealers. I just wanted to
21 make that clear.

22 The question I had is when somebody applies,
23 say an independent dealer, for an increase in tags, what
24 are you going to actually look at before you give them the
25 increase?

1 MS. JOHNSTON: Monique Johnston. May I have
2 the floor, please?

3 MR. BLASSINGAME: You may.

4 MS. JOHNSTON: Thank you.

5 We are going to look at the documentation they
6 provide that shows that they've had an increase in sales,
7 anything they want to submit to show that their tag
8 increase is valid and justified. It could be sales
9 records for the previous -- say they reached their 50
10 percent mark in six months and they're showing that
11 they've gone well beyond the 50 percent amount of the tags
12 that were allotted and they have the sales to prove that
13 and they feel like their additional request for 200 tags
14 for the remainder of the year would be sufficient.

15 You know, we would look at that to say, yes, it
16 looks like their sales are going to exceed what the tags
17 are allotted. They've provided the proper documentation,
18 and we will issue those additional tags.

19 Someone could also submit a request for maybe
20 they're just worried that they're going to run out and
21 submit a request for 1,000 tags, but we might feel their
22 documentation only proves that they need maybe like 400 or
23 500 more, approve the request for that, and then should
24 they need more tags later in the year, they can definitely
25 come and ask for additional tags and provide new

1 documentation.

2 If they have any kind of documentation from
3 their -- say it's a franchised dealer, their manufacturer
4 who is going to be providing them with an a lot more
5 inventory in the next few months, they can provide
6 information from their manufacturer saying that they're
7 anticipated to be delivering this much inventory in the
8 next three months and will need this many tags, you know,
9 any kind of promotional sales they'll be having.

10 We would definitely accommodate a franchised
11 dealer for those kind of situations, or anything else they
12 want to provide from their manufacturer that would show
13 that they need additional tags to accommodate an increase
14 in inventory, especially as inventory becomes more
15 available.

16 MR. BRADBURN: That sounds very reasonable.

17 Thank you.

18 MS. JOHNSTON: You're welcome. Thank you.

19 MR. PRATHER: This is Steve Prather. May I
20 have the floor?

21 MR. BLASSINGAME: You may have the floor.

22 MR. PRATHER: Thank you.

23 With regard to a buy-sell dealership, primarily
24 they would be franchised buy-sells -- and use this as an
25 example and only an example -- I'm not trying to buy a

1 store, and as best I know, Fred Haas Toyota in Houston is
2 not for sale, but they sell about 2,000 new and used cars
3 a month.

4 If you were to buy their store on December 1
5 and you took over, based on this 600 number, you'd get 50.

6 Well, he might sell that much on the first weekend. What
7 are you going to do to keep him out of the ditch on these
8 tags?

9 MS. JOHNSTON: Monique Johnston. May I have
10 the floor, please?

11 MR. BLASSINGAME: Yes, ma'am.

12 MS. JOHNSTON: Thank you.

13 Thank you, Member Prather. Yes, that's a very
14 good question, and we are going to take into consideration
15 these outliers. When there's a buy-sell we will look at
16 the previous dealer's sales records and look at what
17 they've sold and how many tags they've been allotted and
18 take that into consideration, and not necessarily consider
19 it a new franchised dealer but adjust their tag number to
20 be in line with what that previous dealer has sold, so
21 they will have that opportunity to continue that volume of
22 sales.

23 And there's those kind of situations that, you
24 know, it's going to take someone to look at the
25 application and make those adjustments to the tags

1 manually when the buy-sell is completed, and that will be
2 reflected in the eTAG system.

3 MR. PRATHER: Thank you. That's a great
4 answer.

5 What kind of timing are you talking about on
6 the approval of these increased numbers? Is that going to
7 be like a week or is it going to be like a month, or what
8 kind of timetable are y'all looking at?

9 MS. JOHNSTON: Monique Johnston for the record.
10 May I have the floor again, please?

11 MR. BLASSINGAME: Yes, ma'am.

12 MS. JOHNSTON: Thank you.

13 Thank you, Member Prather. Yes, we're hoping
14 to have the turnaround on these to be within a few days.
15 As long as the documentation is there and for our
16 legitimate dealers and there's no concerns with what
17 they're asking for, we hope to have these processed very
18 quickly.

19 They would be a priority; we would definitely
20 make them to be a priority and try to get them processed
21 as fast as we do like our renewal applications, within
22 maybe five to seven business days, if not quicker.

23 We don't anticipate these to be taking a month,
24 of course, unless there are concerns with what the dealer
25 is requesting, and then that might be a concern that there

1 is something, you know, maybe suspicious about the
2 dealer's inventory or the dealer's sales.

3 But in most cases, all of our legitimate
4 dealers will have the documentation to support their tag
5 requests and they should be able to be processed very
6 quickly.

7 MR. DORAN: Presiding Officer Blassingame, this
8 is Member Doran. May I be recognized?

9 MR. BLASSINGAME: Member Doran, take the floor.

10 MR. DORAN: Thank you.

11 Question for staff. First I'll start with a
12 comment. I want to commend staff for trying to arrive at
13 an objective standard for determining what the appropriate
14 limit would be, but listening to the dialogue back and
15 forth, this sounds overly complicated, and it does sound
16 very burdensome, burdensome on the department and
17 burdensome on the dealers as well in terms of the
18 materials that they're going to need to provide in order
19 to justify a higher tag limit.

20 And the prior board member Prather brought up a
21 Toyota dealer here in Houston, and so I want to follow a
22 little bit with what he was bringing up, because a
23 turnaround time of a few days on approving an increase is
24 entirely unacceptable. That would impede economic
25 activity in the motor vehicle industry here in Texas, and

1 so that gives us a lot of heartburn.

2 One of the questions I have, though, for staff
3 is this is the third meeting now where we've discussed
4 this, and I know I've brought this up in the past, but
5 it's not currently in the proposed rule, and that is
6 specifically calling out input from the manufacturer or
7 distributor, because frankly, it's the manufacturer and
8 distributor that has visibility to the production
9 forecasts, schedules, and supply chain strengths and
10 weaknesses that are going to impact the number of vehicles
11 that are sold by that dealer.

12 It's the manufacturer and distributor that has
13 visibility to vehicle allocation, including which vehicles
14 are going to be coming to Texas dealers versus other
15 states and regions.

16 It's the manufacturer and distributor that has
17 visibility to ongoing negotiations with basically the
18 government or other commercial fleet customers about
19 potential orders that may be coming in through the
20 dealerships that could be sizable in volume.

21 It's the manufacturer and distributor that set
22 the sales objectives for the dealers that the dealers are
23 trying to meet on a monthly basis, and it's the
24 manufacturers and distributors that have visibility to
25 what incentive programs will be offered or will be in

1 place to help those dealers hit those objectives.

2 So my question here would be would the
3 department be willing to put on the record that an
4 important and relevant factor -- and I would argue one
5 that really should carry greater weight than the formula
6 that was just laid out -- is the information and input
7 that is provided on an annual basis to the department by
8 that manufacturer or distributor?

9 And I appreciate the department's approach here
10 in saying that they don't want to burden license holders,
11 but it would be much easier for Toyota or Gulf States
12 Toyota as the distributor to provide a letter to the
13 department on an annual basis saying we expect that this
14 particular dealer would need in the ballpark of, you know,
15 30,000 tags, because the numbers that I saw -- which the
16 only hard number that's in the proposal here is that 600
17 figure for a new licensed dealer, a new franchised
18 licensed dealer.

19 To comment on what Mr. Prather said, I mean, a
20 typical Texas metro dealer will exceed 900 vehicle sales
21 in a given month right out of the gate.

22 So would the department be willing to modify
23 the rule to recognize and allow for the manufacturer and
24 distributor to provide that type of formal input to the
25 department? Because if that was the case, then it really,

1 I would argue, alleviates some of this complex methodology
2 having to be employed by the department, which sounds very
3 intensive from an hours and resource standpoint, and
4 especially when you're dealing with the situation where,
5 as law enforcement has repeatedly said on the record, that
6 this is not an area of licensees that is causing this
7 problem in the state.

8 So that's my question. My question is would
9 staff consider formally recognizing the factor of OEMs
10 providing a formal recommendation on an annual basis as to
11 what that tag allocation should be?

12 MS. JOHNSTON: Monique Johnston. May I have
13 the floor, please?

14 MR. BLASSINGAME: Yes, ma'am.

15 MS. JOHNSTON: Thank you.

16 So the system hopefully is designed and the
17 formula is designed so that the franchised dealers and the
18 legitimate dealers will hopefully never have to make a
19 request for additional tags.

20 In regards to the new dealers, the division,
21 MVD, has already taken into account considering notifying
22 these new dealers: Here's what the rules allow for the
23 max tags to be for a new franchised dealer.

24 If your manufacturer would like to provide
25 us -- like you said -- with a letter of what they're

1 anticipating your sales will be for your first year as a
2 dealer, then we would take that into consideration, we
3 would take that information and adjust their initial tag
4 limit. So that would be adjusted in the beginning and
5 they wouldn't have to worry about requesting additional
6 tags. So that has been taken into consideration as a
7 policy process in the division.

8 As for putting it in the rules, I would have to
9 defer to our General Counsel's Office for that, for them
10 to respond to that, but most definitely we would, as part
11 of the initial application process for a new franchised
12 dealer, be proactive with that dealer to see what their
13 anticipated sales, what their manufacturers are
14 anticipating them to sell and hopefully be able to adjust
15 their tags in the beginning so they do not have to request
16 additional tags.

17 And for the two- to three-day processing time,
18 dealers again can start requesting additional tags once
19 they've hit the 50 percent mark, so if there is a dealer
20 who, you know, in three months has hit the 50 percent
21 mark, they can go ahead and request additional tags to
22 cover the rest of the year, and they will never actually
23 run out of tags.

24 MR. DORAN: This is Member Doran again. Thank
25 you for that response.

1 Just a quick follow-up: And I appreciate your
2 position that the department would be willing to receiving
3 that information in a formal nature from the manufacturer
4 or distributor from a newly licensed dealer.

5 But I would also argue and I would ask again if
6 the department would give greater weight to a letter for
7 an existing dealer, because if anything holds true over
8 the last couple of years for the industry in Texas, we've
9 seen quite a few anomalies, whether it's due to COVID or
10 supply shortages with inventory.

11 So while the DMV has put together an objective
12 formula, it is very much rearview mirror looking, whereas,
13 the manufacturer and distributor have the forward looking
14 vision to provide to the department, in consultation with
15 the dealer, of course. But that would seem to be, first
16 off, a lighter lift for the agency, but second, a more
17 accurate number that would be unlikely to disrupt that
18 dealer's business at some point in time if the department
19 would allow for the manufacturer or distributor to provide
20 a similar letter for existing dealers on an annual basis.

21 Would that be something that the department
22 would be willing to entertain and memorialize as well?

23 MS. BEAVER: Tracey Beaver, general counsel.
24 If I may have the floor?

25 MR. BLASSINGAME: You may have the floor.

1 MS. BEAVER: Thank you.

2 I wanted to say thank you for that comment.
3 This is the exact type of input and feedback that we were
4 hoping to get on these proposed rules.

5 And in the next agenda item for 2.A.ii., the
6 advisory committee is able to make a formal motion
7 recommendation for these rules that we can also have
8 provided to the board for consideration in the adoption of
9 these rules.

10 And so if there are suggestions such as this
11 that would alleviate a concern, be more proactive rather
12 than reactive, we would very much appreciate this type of
13 input and recommend that the committee consider doing a
14 motion to the board.

15 I also want to add that even absent a motion
16 for the board to consider this type of amendment for the
17 rules, this is definitely something that the department
18 would consider adding to the rules at adoption.

19 So I just wanted to say thank you for this
20 input, and this is the type of input we were wanting to
21 get from this advisory committee, as well as the board
22 wanted to get from this advisory committee.

23 MR. BRADBURN: Member Bradburn. May I speak,
24 please?

25 MR. BLASSINGAME: Member Bradburn, you have the

1 floor.

2 MR. BRADBURN: I had a question for counsel.
3 Would it be possible if we did a motion where we could go
4 forward with the independent dealers on a tag numbers,
5 however, table the franchises so there can be follow-up
6 with the manufacturers? Would that be possible?

7 MS. BEAVER: Tracey Beaver, general counsel.
8 May I have the floor?

9 MR. BLASSINGAME: You may.

10 MS. BEAVER: Thank you. Yes, any
11 recommendations that this advisory committee has regarding
12 these rules would definitely be considered by the
13 department in implementing the adoption for these rules.

14 I did want to add, or course, that the bill
15 does include franchised dealers. That does not preclude
16 this advisory committee from considering different
17 recommendations for different types of industry in
18 implementing HB 3927.

19 The advisory committee is free to consider and
20 recommend any solutions that you think might help the
21 department be proactive in implementing these rules so as
22 not to have any type of barrier for legitimate dealers or
23 converters and making sure that there are stops in place
24 to help to deter fraud in this database.

25 And we want to make sure that there is this

1 flexibility in the rule to allow for additional tags and
2 to monitor this issue.

3 So thank you.

4 MR. BLASSINGAME: Are there any other questions
5 for staff?

6 MR. STARK: Member Stark. May I comment?

7 MR. BLASSINGAME: Member Stark.

8 MR. STARK: Yes, sir. I would like to just
9 suggest, while I support the fact that the factory has
10 some knowledge, I would caution that their numbers don't
11 take into consideration sales efficiency.

12 You have certain instances -- I'll use one of
13 our stores as an example that is almost 300 percent sales
14 efficient. In other words, it sells almost three times
15 the amount of cars that based on the national and regional
16 number that factory says you should sell.

17 If we were to take the factory's number,
18 candidly, we'd have a third of the tags that we needed to
19 sell. So while it is some data, I would certainly caution
20 that you take it with a grain of salt where you look at
21 it.

22 The other thing that I would say is if we're
23 concerned about a new dealer coming in -- obviously you've
24 addressed a buy-sell -- but if you're concerned about a
25 new dealer coming in, is there a mechanism by which they

1 can request the additional tags at the point of requesting
2 the license? That way you wouldn't have that three-,
3 five- or seven-day delay. The minute that they hit the
4 door, they'd already have the appropriate amount of tags
5 to continue doing business at the volume they expect.

6 Thank you.

7 MS. JOHNSTON: Monique Johnston. May I have
8 the floor, please?

9 MR. BLASSINGAME: You may.

10 MS. JOHNSTON: Thank you.

11 Yes. As I was trying to explain earlier, we
12 would consider any information that a dealer would want to
13 provide at the time of application to adjust their tag
14 limit at that time so they would not have to wait for the
15 50 percent mark to request more tags, and hopefully the
16 anticipated need for that year, they would already have
17 the number of tags or even in excess the number of tags
18 they would need to cover themselves.

19 So we definitely would take any information at
20 the time of application. We are looking into, for these
21 new franchised dealers, proactive ways to ensure that they
22 have the proper number of tags beyond the 600 that's
23 stated in the rules if they provide us with the
24 information, whether it be from another location, their
25 manufacturer, their distributor, that we can make those

1 adjustments so there is no disruption in their business
2 and they do have a sufficient number of tags.

3 For existing dealers, again, the current
4 formula, we are hoping that they would not have any need
5 to request an additional number of tags. If there is
6 something that comes up where they want to provide
7 additional information from their manufacturer and they
8 want to send that documentation in, then I definitely
9 think that the division would consider that and take a
10 look at their tags and what the formula has issued them
11 and definitely consider any new information they wanted to
12 provide us.

13 MR. STARK: Thank you.

14 MR. DONNELLY: Member Donnelly. Can I have the
15 floor, please?

16 MR. BLASSINGAME: You may have the floor.

17 MR. DONNELLY: I'd like to ask if there's a
18 consideration for automatic approval, if you would. I
19 think that somebody who is a new independent, that 300 by
20 the third year could be pretty close to that scenario.

21 Given COVID, given natural disasters, things
22 like that that take place, is there a mechanism that
23 basically there would be an automatic approval for a
24 certain percentage of your request, nothing excessive, of
25 course, so that we don't get stuck in waiting for staff or

1 something like that to come about?

2 MS. JOHNSTON: Monique Johnston. May I have
3 the floor, please?

4 MR. BLASSINGAME: You may have the floor.

5 MS. JOHNSTON: Thank you.

6 Yes, that is a very good suggestion, and that's
7 very good feedback. We are working on the technical
8 aspect side of things right now, and that is something
9 that we could consider when setting up the system.

10 You know, we would have to look at different
11 factors for that dealer. You know, if there's no pending
12 maybe enforcement history or there's no concern with temp
13 tag history or things like that, that maybe the system
14 could be set up where they could issue a sufficient number
15 of tags automatically maybe to cover them for the weekend.

16 That is a very good idea, and we would definitely take
17 that into consideration when doing our future programming.

18 MR. DONNELLY: You know, an idea thinking that
19 if we create a mechanism to where there has to be a
20 response within a certain amount of time, then you're not
21 left with that uneasy feeling, I wonder is anybody working
22 on this, is anything happening on this, I haven't heard
23 anything on this because of some type of natural disaster
24 or pandemic which I could never foresee.

25 MS. JOHNSTON: Monique Johnston. May I have

1 the floor?

2 MR. BLASSINGAME: You may.

3 MS. JOHNSTON: Yes, we would definitely take
4 those things into consideration, natural disasters,
5 pandemic, things like that where there might be additional
6 tags needed, and we will make adjustments to our processes
7 to definitely account for those situations.

8 Again, any ideas with programming that would
9 make it an easier, faster process we're definitely
10 considering. This initial process to request tags and the
11 initial screen in eTAG where it shows your maximum limit
12 and how many are left, this is the first rollout for the
13 IT changes.

14 We would like to have regular notifications to
15 the dealers, similar to what they get for their renewal
16 notices, letting them know what their tag limits are,
17 letting them know that they can go ahead and request
18 additional tags and provide additional technical advances
19 that would make the process a lot easier.

20 It's just going to take a little more time than
21 what's going to be implemented in March, and so we're open
22 to any suggestions that you have that would make you
23 comfortable with the request process and to ensure that
24 there is no disruption in the daily business.

25 MR. DONNELLY: My request is simply a positive

1 response, basically you have to have a positive response
2 or you're approved, instead of no response, no approval.
3 Does that make sense?

4 MS. JOHNSTON: Monique Johnston.

5 Yes. So you're saying that you want just
6 someone is responding saying yes, this looks sufficient,
7 instead of waiting the four days wondering if you're going
8 to be granted the tags or not. Am I understanding that
9 correctly?

10 MR. DONNELLY: Yeah, something along that line.

11 Given the fact that you stated early on there's no
12 additional resources being allotted for this program, my
13 concern is there's somebody who is probably overburdened
14 right now that's going to have to take this up as well.

15 I'd like to protect the dealers from the
16 standpoint of waiting for somebody to be able to address
17 this, and instead say, look, if nobody addresses it, then
18 you're approved.

19 MS. JOHNSTON: Okay. I understand what you're
20 saying. Yes, we'll definitely look into that. You know,
21 we're working on the process now, and we anticipate these
22 to be very quick turnarounds.

23 We've already started to reorganize who is
24 going to be looking at these, how these are going to be
25 looked at on a daily basis, and the dealers should be

1 receiving notification we've received your request, we're
2 looking at it right now, and then if there's concerns, try
3 to get any of those concerns to them as quickly as
4 possible.

5 But yes, we'll definitely to see about some
6 sort of automated response, we'll definitely look into
7 that.

8 Thank you for that feedback.

9 MR. DONNELLY: Thank you.

10 MR. PRATHER: This is Steve Prather. May I
11 speak a minute?

12 MR. BLASSINGAME: Member Prather, you have the
13 floor.

14 MR. PRATHER: Thank you very much.

15 Just a point of clarity. On the franchised
16 dealers' application it is their prerogative to get the
17 information from the manufacturer or distributor and
18 submit it to the state for consideration and some
19 different number of tags, but the state is not going to
20 accept or require the manufacturer or the distributor to
21 provide that information.

22 That would be the dealer's own initiative to go
23 get that if he or she thought that was beneficial to them
24 getting a higher number of tags. Is that correct?

25 MS. JOHNSTON: Yes, that would be correct. If

1 it supports them to get an increase in tags, they would
2 provide that information with their -- excuse me, this is
3 Monique Johnston, for the record -- with their request,
4 with their application, or with their request for
5 additional tags. They would provide it as the supporting
6 documentation.

7 MR. PRATHER: Okay. Well, this is Steve
8 Prather again.

9 But the State is not going to reach out to the
10 manufacturer or distributor, nor is the manufacturer or
11 distributor going to be supplying information directly to
12 the State. Is that correct? It would just be up to the
13 dealer to get that to add it to his documentation to
14 support a number. Right?

15 MS. JOHNSTON: Monique Johnston, for the
16 record.

17 Yes. At that time it would be the dealer
18 submitting that information to us so we could then adjust
19 their tag limit.

20 MR. PRATHER: I think that's a great idea.
21 Thank you.

22 MS. JOHNSTON: You're welcome. Thank you.

23 MR. DORAN: This is Member Doran. May I be
24 recognized?

25 MR. BLASSINGAME: Member Doran, you have the

1 floor.

2 MR. DORAN: I want to just address the comments
3 made by Member Stark and Member Prather. It is the intent
4 of the manufacturer or distributor to eliminate the burden
5 on the dealer of having to deal with this issue, frankly.

6 So it is the manufacturer or distributor that
7 wants to provide a notification directly to the department
8 with a sufficient cushion in there so that the dealer
9 doesn't have to worry about this issue.

10 That is the intent, and I would actually like
11 to, at the appropriate time, make a motion that outlines
12 that intent.

13 And so I understand and respect the concerns
14 that the dealers have raised here, but on behalf of
15 manufacturers and distributors, this is not trying to
16 invade the dealers' business but rather remove what
17 appears to be a regulatory-imposed impediment that could
18 trip up their business.

19 And the manufacturer and the distributor have
20 complete skin in this game, because the last thing we want
21 is a dealer that's selling, as Member Prather said, 2,000
22 vehicles a month to have any disruption period, especially
23 when new car dealers are not the cause of this temp tag
24 fraud.

25 So I just wanted to make sure that I had voiced

1 that position and concern here that it's certainly not my
2 suggestion nor my prerogative to interfere with the
3 dealers' business but that the manufacturers and
4 distributors should have the ability to communicate
5 directly with the DMV and that the DMV should be able to
6 consider that formal input from the manufacturers and
7 distributors in determining what that annual tag limit
8 would be.

9 Thank you.

10 MR. ZAK: Member Zak. May I have the floor?

11 MR. BLASSINGAME: Member Zak, you have the
12 floor.

13 MR. ZAK: I don't know if it would be possible
14 or if it's within the guidelines of what's been set
15 forth, you know, after reading through the comments from
16 the various individuals or companies that have submitted,
17 TADA, Vroom, TIDA, it would appear that -- and also, too,
18 from all of our conversation, our so-called bad actors are
19 those entities or individuals that come in onto the scene
20 to start selling lots of temporary tags right off the bat.

21 It would appear to me that whether it be a
22 franchised dealer or independent dealer who's been in
23 business for a number of years is honestly not the guilty
24 party here.

25 I don't know if it's possible if we could

1 exempt dealers who have been in business for a number of
2 years from these proposed rules and then have a gradual
3 phase-in period for those other dealers.

4 Let's just say if we had a sort of mark in the
5 sand if a dealer has been in business for ten years they
6 would be exempt from these metrics, and then if you could
7 have a dealer who's been in business five years, you could
8 have a gradual phase-in to once they get to that ten-year
9 mark that they would have increased tag limits and
10 eventually be, you know, grandfathered in and not have to
11 be subject to these metrics.

12 It would appear to me that the parties who are
13 creating the problem are those who are trying to get in
14 quickly, sell a bunch of tags, and maybe go start another
15 dealership, get another license after they've been nabbed.

16 So I don't know if that's something that's
17 possible, and it seems like if we had some sort of a
18 proposal or a practice of that, it would limit the burden
19 upon the agency as well. So didn't know if that's
20 possible or not, wanted to throw that out there.

21 MS. JOHNSTON: Thank you, Member Zak.

22 Monique Johnston. May I have the floor,
23 please?

24 MR. BLASSINGAME: You may.

25 MS. JOHNSTON: Thank you for that feedback.

1 That's very valuable feedback, and I will have to defer to
2 our OGC to see in how the bill is written if that is a
3 possibility or something that can be considered, but it's
4 definitely something that we can take into consideration
5 when re-reviewing the rule proposal.

6 OGC, did you want to chime in on that comment
7 or have any comment on that?

8 MS. BEAVER: Tracey Beaver, general counsel.
9 May I have the floor?

10 MR. BLASSINGAME: You may.

11 MS. BEAVER: Yes, I think that any
12 recommendation that the advisory committee has to reduce
13 the burden on paperwork and to allow those who have the
14 knowledge of the number of tags that will be needed in the
15 future to be proactive is very beneficial.

16 I do want to add that it is the dealer's
17 responsibility to ensure that the number of tags that they
18 are requesting and issuing based on transactions is the
19 crux of HB 3927.

20 So while we would accept information from
21 manufacturers on the number of future tags that might be
22 needed, there would be the need for the dealer to have
23 that responsibility in making sure that they let the
24 department know that they actually prove that number,
25 anticipate that number, and intend to comply with the

1 requirements for the number of tags that they are issued.

2 But again, the committee is welcome to make any
3 recommendations to ease the burden on the department, on
4 these regulated entities, and of course, provide the most
5 accurate and timely information possible in a proactive
6 manner, so I appreciate that comment.

7 MR. PRATHER: This is Steve Prather. May I
8 make another statement or request?

9 MR. BLASSINGAME: Member Prather, you have the
10 floor.

11 MR. PRATHER: Thank you very much.

12 As far as the manufacturers and distributors
13 getting involved in this, there's many, many manufacturers
14 in this country, and the state of Texas is just one of the
15 many states that all these manufacturers operate in. For
16 us as dealers -- and I'm a retired dealer, as I've said --
17 but for dealers to have to depend on the manufacturer to
18 timely send something in and to get that done so that they
19 can get their allocation of temporary tags I think is
20 unnecessary and unreliable, possibly -- I'm not saying
21 they're unreliable, but it could be.

22 And for a dealer's business to be tied up
23 waiting on such a form from Volkswagen or Mazda or
24 Maserati or whoever, I think is a mistake for the state
25 agency to set up in that way.

1 I think allowing the dealer that needs more
2 temporary tags for him to be able to go to his
3 manufacturer or distributor and request some documentation
4 and then that dealer himself submit that to the state is
5 the most effective way to get it done, and it leaves the
6 responsibility on the dealer, not on some third party,
7 even his manufacturer, to get it in here timely. So I
8 would encourage you to leave the dealer in charge of this
9 and not the manufacturer or distributor.

10 Thank you.

11 MR. BRADBURN: Member Bradburn. May I speak?

12 MR. BLASSINGAME: Member Bradburn, you have the
13 floor.

14 MR. BRADBURN: Thank you, sir.

15 One thing I would like to add to what other
16 members said, I really think whoever makes a motion needs
17 to put a time line in there. I know for getting records
18 requests personally for law enforcement investigations, it
19 takes ten days. I think for tags for dealers trying to
20 make a living, they need something a lot faster than that,
21 and it should be in the rule.

22 Thank you.

23 MR. BLASSINGAME: Are there any other questions
24 for TxDMV staff? I was going to ask if Director Luna had
25 a comment on this.

1 MR. LUNA: Presiding Officer Blassingame, a
2 comment concerning? This is Roland Luna, Vehicle Titles
3 and Registration Division director.

4 MR. BLASSINGAME: You have the floor, Director.

5 MR. LUNA: And this is concerning what, sir? I
6 meant for the question.

7 MR. BLASSINGAME: I didn't know if you had
8 anything to add to the conversation.

9 MR. LUNA: No, sir, nothing further to add.

10 MR. DONNELLY: Member Donnelly. Could I ask a
11 question?

12 MR. BLASSINGAME: Certainly, Member Donnelly.

13 MR. DONNELLY: What if a new dealer reaches the
14 third year? Is there a new calculation that's done, and
15 is that calculation done every year? From that
16 standpoint, I'm about to be in my third year right now, so
17 it actually hits a little close to home as well.

18 MR. THOMPSON: Presiding Officer Blassingame,
19 Clint Thompson, deputy director of Vehicle Titles and
20 Registration Division. If I could have the floor, please.

21 MR. BLASSINGAME: Director Thompson, you have
22 the floor.

23 MR. THOMPSON: Thank you.

24 Thank you for the question. That is what the
25 proposed rules contemplate, so the initial allotment for

1 either a franchised dealer or independent would run
2 through that first initial licensure, and then after they
3 have renewed their license, essentially we have that data
4 that we're able to take a look at and apply the metrics
5 that I discussed previously.

6 So if folks were exceeding that and it was
7 evidenced by the tag issuance, things of that nature, then
8 we would be able to apply the new maximum that would be
9 greater than what they were initially allotted.

10 Conversely, if they were not exceeding that or
11 not anywhere near that, then the data that we now have
12 available for that particular dealership would be applied
13 through the metrics, and they would receive that new
14 maximum.

15 MR. DONNELLY: Member Donnelly. Can I have the
16 floor?

17 MR. BLASSINGAME: Member Donnelly, you have the
18 floor.

19 MR. DONNELLY: You mentioned at the time of
20 renewal that that would be when the calculation would take
21 place?

22 MR. THOMPSON: Clint Thompson, deputy director,
23 Vehicle Titles and Registration Division. If I could have
24 the floor, please?

25 MR. BLASSINGAME: Director Thompson, you have

1 the floor.

2 MR. THOMPSON: So it's after they have
3 completed the initial -- basically they've had the
4 opportunity to renew their license. What we're
5 anticipating, based on House Bill 3927, is that this is a
6 calendar-year allotment, so it may depend where that
7 particular dealership falls in the renewal cycle
8 throughout the year, but that allotment will remain that
9 they had initially until we come to the next calendar year
10 and have the fiscal-year data to apply to refresh their
11 maximum, if you will.

12 MR. BLASSINGAME: Officer Blassingame, Phil
13 Elam. Could I have the floor.

14 MR. BLASSINGAME: Member Elam, you have the
15 floor.

16 MR. ELAM: Thank you. Phil Elam for Texas
17 Recreational Vehicle Association.

18 I just wanted to make a real quick point
19 that -- going back, and I'm sorry that I'm going back to a
20 couple of comments earlier -- my industry does not have
21 the input and the support of our manufacturers like the
22 automobile industry does, so there's very little dialogue
23 and setting standards for sales for my dealers.

24 So depending upon manufacturers' input to DMV
25 regarding the allotment would not be satisfactory for the

1 recreational vehicle industry. I just wanted to make that
2 point.

3 And also, I recognize that we are a very small
4 subset of the industry, but as franchised dealers, you
5 know, my dealers aren't creating any issues for the
6 department or law enforcement, so we just want to make
7 sure that whatever we're doing, I think it needs to depend
8 upon the dealer input; it just seems more logical from my
9 side of the house.

10 I appreciate the opportunity to speak. Thank
11 you.

12 MR. BLASSINGAME: Are there any other questions
13 for TxDMV staff?

14 MR. THOMPSON: Presiding Officer Blassingame,
15 deputy director, Vehicle Titles and Registration Division.
16 If I can have the floor, please?

17 MR. BLASSINGAME: Director, you have the floor.

18 MR. THOMPSON: Thank you.

19 I wanted to ask would you like for me to go
20 ahead at this point, since I did not hear any other
21 questions, go ahead and provide the overview of the public
22 comments that we received?

23 That way we can have that portion of the
24 presentation and we could move to the next agenda item
25 after any further questions to allow for potential

1 recommendations, unless the committee is ready to do so at
2 this time.

3 I obviously defer to you. I'm glad to provide
4 the overview of the public comments or allow for the
5 committee to move on to the next agenda item and make any
6 possible recommendations/motions.

7 MR. SULLIVAN: Thank you. Presiding Officer,
8 Member Sullivan. May I have the floor, please?

9 MR. BLASSINGAME: Member Sullivan, you have the
10 floor.

11 MR. SULLIVAN: Thank you.

12 Just a brief comment with respect to
13 manufacturers and distributors providing information to
14 the agency.

15 Franchised dealers are going to have
16 information and sales records and needs on used vehicle
17 transactions that the manufacturer may not have access to,
18 so I'd just like to throw that out before we get too far.

19 Thank you.

20 MR. DORAN: Presiding Officer, this is Member
21 Doran.

22 MR. BLASSINGAME: Member Doran, you have the
23 floor.

24 MR. DORAN: Thank you.

25 Would this be an appropriate time to make a

1 motion?

2 MR. RICHARDS: Presiding Officer Blassingame,
3 David Richards. May I have the floor.

4 MR. BLASSINGAME: You may have the floor.

5 MR. RICHARDS: Thank you.

6 Let's make sure that there are no other
7 comments from members before we move on the next agenda
8 item. That agenda item has not been called yet, so you
9 may want to check with your membership first.

10 If there are no other comments or questions,
11 then you can move on to the next agenda item which entails
12 potential recommendations.

13 Thank you.

14 MR. BLASSINGAME: Thank you.

15 By the way, just as a reminder, if you want to
16 comment or ask a question, please unmute yourself and ask
17 for the floor and then wait to be recognized before you
18 speak. That way everybody can have input on the
19 questions.

20 MR. RICHARDS: Presiding Officer Blassingame,
21 David Richards again. May I speak?

22 MR. BLASSINGAME: Yes, sir.

23 MR. RICHARDS: We may have a commenter or two,
24 public comment. I would ask staff to provide that
25 information on this particular agenda item. I believe,

1 Presiding Officer Blassingame, Attorney William Daniel
2 with McGinnis Lochridge has a comment to make. Can we
3 unmute him and allow him to comment?

4 MR. BLASSINGAME: Yes. Mr. Daniel, you have
5 the floor.

6 MR. RICHARDS: Mr. Daniel, can you raise your
7 hand, please, so we can unmute you? Thank you.

8 (No response.)

9 MR. RICHARDS: David Valdez, have we found Mr.
10 Daniel? Have we located him?

11 MR. VALDEZ: Hi. This is David. No, I have
12 not located a raised hand. I believe it's *3, if I'm not
13 mistaken -- is that correct? -- for them to raise their
14 hand?

15 MR. RICHARDS: Right.

16 MR. SULLIVAN: Yeah. If he can go ahead and
17 select *3 on your phone, I should be able to see your hand
18 raised.

19 MR. THOMPSON: Presiding Officer Blassingame,
20 Clint Thompson, deputy director, Vehicle Titles and
21 Registration Division. If I could have the floor, please?

22 MR. BLASSINGAME: Director Thompson, you have
23 the floor.

24 MR. THOMPSON: I would say, David, I'm not
25 sure, I see call-in user 23 had their hand raised, not

1 sure if that's the particular one, but then we've also got
2 call-in user 11.

3 MR. VALDEZ: Correct. I went ahead and unmuted
4 caller 11, user 23 is also unmuted as well, but they have
5 the floor.

6 MR. DANIEL: This is William Daniel. Can you
7 hear me?

8 MR. RICHARDS: Yes, sir, Mr. Daniel. Go ahead
9 and proceed.

10 MR. DANIEL: Thank you.

11 William Daniel. I'm an attorney here in Austin
12 representing various clients in the motor vehicle
13 industry. I'm appearing today on behalf of Vroom, LLC,
14 which is a licensed Texas dealer, to comment on this very
15 important rule proposal.

16 Vroom completely agrees with the goal of this
17 proposed rule to prevent dishonest people from misusing
18 the temporary tags. We do believe some tweaks and
19 additions are necessary to make the system workable for
20 the honest dealers that do not misuse the tags.

21 We submitted written comments and in those
22 we've outlined several suggestions to make the process
23 more efficient for the dealers and for the department,
24 including some along the lines that Member Zak suggested
25 for established dealers to be able to be exempted from the

1 process since they have a track record and have not
2 misused the tags and there's no reason to believe they
3 ever will.

4 In the interest of time, I'm going to address
5 in detail only one of the comments, and this goes back to
6 the formula that was explained earlier.

7 Under that formula, the total number of tags is
8 capped at two times Texas registrations. Now, for some
9 dealers, such as Vroom, which sell a lot of vehicles out
10 of state, that formula is going to create a problem.

11 We have to put a buyer's temp tag on every
12 vehicle we sell, including those going to out-of-state
13 customers, but those customers, of course, will never be
14 titling or registering their vehicles in Texas.

15 So for example, in Vroom's case, at most 30
16 percent of its sales are to Texas customers, so if you cap
17 that at two times 30 percent, you can readily see we're
18 going to always fall well short, way short on the number
19 of tags we need for actual sales.

20 And this will also apply to other dealers who
21 sell a lot of vehicles to people in other states. We've
22 suggested a solution based on vehicle inventory tax
23 statements as an option for dealers with this situation.

24 I thank you for your time and consideration,
25 and I'll be glad to respond to any questions.

1 MR. RICHARDS: Presiding Officer Blassingame,
2 David Richards, for the record. May I have the floor?

3 Presiding Officer Blassingame, David Richards,
4 for the record. May I have the floor, please?

5 (No response.)

6 MR. RICHARDS: David Valdez, have we lost
7 Member Blassingame?

8 MR. VALDEZ: This is David Valdez. I don't see
9 them as left; they are muted. They can always unmute
10 themselves.

11 MR. RICHARDS: Okay. Let me just say for the
12 record, Mr. Daniel's comment was the only one on that
13 particular agenda item, so Presiding Officer Blassingame,
14 you are free to ask, number one, if there are any more
15 comments from the membership, and if not, we can move on
16 to agenda item 2.A.ii.

17 Thank you.

18 Member Blassingame, are you back on the call?

19 MR. BLASSINGAME: I am not. Hold on.

20 MR. RICHARDS: I don't know if you heard me,
21 you were muted a few minutes ago. There are no other
22 comments for this particular agenda item 2.A.i.

23 If there are no further comments from the
24 membership of the advisory committee, you're free to move
25 on to 2.A.ii. Recommendations of advisory committee.

1 Thank you.

2 Presiding Officer Blassingame, let me suggest
3 that we take a five- to six-minute recess so we can figure
4 out the technical problems that are occurring at the
5 present time.

6 So it is 10:30 a.m. Let IT work with the IT
7 problems and we'll come back at 10:35, members. So we're
8 now in recess. Thank you.

9 MR. BLASSINGAME: I'm just now getting back on;
10 I was kicked offline. I'm back.

11 MR. RICHARDS: Okay. If the members want to
12 continue, then we'll go ahead and continue, or we could
13 take a five-minute break, whichever is your pleasure.

14 Thank you.

15 MR. BLASSINGAME: Everybody want to take a
16 five-minute break?

17 MR. RICHARDS: Why don't we do that to let
18 everybody get up and stretch and maybe restroom break or
19 coffee, and then we'll come back in five minutes at 10:35.

20 MR. BLASSINGAME: All right, Mr. Richards,
21 five-minute break.

22 (Whereupon, a brief recess was taken.)

23 MR. BLASSINGAME: Panel members, I would like
24 to apologize, I was unable to rejoin the meeting very
25 quickly, but anyway, when everybody is ready, we will move

1 on to agenda item number ii.

2 MR. RICHARDS: Presiding Officer Blassingame,
3 David Richards, for the record.

4 MR. BLASSINGAME: Mr. Richards, you have the
5 floor.

6 MR. RICHARDS: Yes, sir, thank you.

7 I just want to clarify we're moving on to
8 agenda item 2.A.ii. Recommendations of the advisory
9 committee.

10 Thank you.

11 MR. BLASSINGAME: Thank you, sir.

12 Members, I now would like to move on to agenda
13 item 2.A. Implementation plan for advisory committee
14 recommendations regarding House Bill 3927, and I will turn
15 the meeting over to -- pardon me -- maximum tag limits.
16 Sorry; I had the wrong page.

17 MR. RICHARDS: We're on 2.A.ii.
18 Recommendations, and we're going to ask if any members
19 have recommendations to present to the board. So at this
20 time if any members have any recommendations, this is the
21 time to make them.

22 Thank you.

23 MR. DORAN: Presiding Officer Blassingame, this
24 is Member Doran. May I be recognized?

25 MR. BLASSINGAME: Member Doran, you have the

1 floor.

2 MR. DORAN: Thank you.

3 Because we don't want any cessation in the
4 operation of the temp tag issuance by a franchised new
5 motor vehicle dealer, I'd like to make a motion that the
6 department be required to take into consideration and give
7 appropriate weight to the recommended number of tags that
8 may be provided by the manufacturer or distributor on an
9 annual basis.

10 This recommended number of tags provided by the
11 manufacturer or distributor to the department does not
12 supersede the information provided by the dealer, but if
13 the dealer chooses not to provide any information or
14 forgets to, then the department can choose to rely upon
15 what the manufacturer or distributor provided.

16 And that's my motion.

17 MR. BLASSINGAME: And that was by Member Doran?

18 MR. DORAN: Yes.

19 MR. BLASSINGAME: So we have a motion from
20 Member Doran. Is there a second to the motion?

21 MR. PRATHER: Can there be any discussion?

22 This is Steve Prather.

23 MR. RICHARDS: Member Prather, we need a second
24 first, please. Thank you.

25 MR. FERGUSON: Second by Member Ferguson.

1 MR. BLASSINGAME: All right, Member Ferguson.
2 We have a second now. Is there any further
3 discussion?

4 MR. PRATHER: Steve Prather. May I have the
5 floor?

6 MR. BLASSINGAME: Member Prather, you have the
7 floor.

8 MR. PRATHER: Thank you very much.

9 As I mentioned earlier, I don't think the
10 dealers would support the manufacturer getting in the
11 middle of their agreement with the state on the temporary
12 tags or other licensing issues. I think you'd find that
13 pretty much across the board that the dealers would reject
14 that idea.

15 So I, once again, would suggest that the
16 manufacturers not be involved in it, or the distributors,
17 but the dealer do it at his own effort. Let him apply for
18 his number, let him provide whatever documentation that
19 would support the number, and that would include, and
20 heavily weighted, what the manufacturer might show as
21 their forecast for the dealer.

22 But as far as the manufacturer and the
23 distributor sending information to be relied upon instead
24 of the dealer or in addition to the dealer without the
25 dealer's input and request or the dealer bringing that

1 information in -- I don't know exactly how to word it --
2 but it's available if the dealer wants to submit it as
3 further consideration for a higher number, I think the
4 state ought to consider that. But I just don't believe
5 dealers want the manufacturer or distributor involved in
6 their business in this category.

7 Thank you.

8 MR. BLASSINGAME: Thank you, Member Prather.

9 Is there any other discussion?

10 MR. DORAN: Presiding Officer Blassingame, this
11 is Member Doran. May I just address the concerns of
12 Member Prather?

13 MR. BLASSINGAME: Member Doran, you have the
14 floor.

15 MR. DORAN: Thank you.

16 Thank you for making that comment. The way the
17 motion is structured, it is not the intent that the
18 recommendation by the manufacturer or distributor would
19 supersede the information that the dealer is providing to
20 the department.

21 This would kick in in the event that the dealer
22 neglected to provide information to the department so that
23 the dealer doesn't exceed what might be an arbitrary or
24 unnecessarily low allocation of temp tags, thereby causing
25 a cessation in the ability to issue tags because the

1 department could go to the default which is the presumably
2 much higher number that is provided by the manufacturer or
3 distributor.

4 And then with respect to Member Prather's
5 comment about the dealers not wanting the manufacturers'
6 or distributors' involvement in this particular issue, I
7 would respectfully disagree.

8 Our Toyota dealers across the state of Texas,
9 we believe, would very much appreciate the distributor or
10 the manufacturer stepping in to prevent an occurrence
11 where the ball got dropped and there was a disruption to
12 their business.

13 But anyway, thank you, Member Prather, for your
14 comment. And that's all.

15 MR. STARK: Member Blassingame, Member Stark.
16 If I could speak, please?

17 MR. BLASSINGAME: Member Stark, you have the
18 floor.

19 MR. STARK: I think it's also important to
20 consider that the factory is primarily involved in the
21 sale of new automobiles. In some cases the dealer may not
22 provide full information based on used inventory.

23 I think it adds a layer of complexity to ask
24 the factory to provide those numbers and in some cases
25 would be inaccurate data. And I believe Mr. Prather is

1 probably right, the majority or certainly a plurality of
2 dealers would prefer to provide that information
3 themselves. They're in those operations day to day,
4 unlike the factory.

5 MR. DORAN: Presiding Officer Blassingame, this
6 is Mr. Doran again. May I address that comment?

7 MR. BLASSINGAME: Mr. Doran, you have the
8 floor.

9 MR. DORAN: Thank you.

10 With respect to used vehicle sales numbers
11 coming out of the franchised dealership, the dealer is
12 under an obligation to honestly and accurately provide
13 that information on their financial statement to the
14 manufacturer or distributor on a monthly basis, so the
15 manufacturer or distributor very much has visibility to
16 how that dealer is doing in terms of their used vehicle
17 sales.

18 The manufacturer or distributor may also have
19 some visibility to the trades that are coming in from that
20 dealer as well, and let us not forget that the
21 manufacturer or distributor is periodically sending their
22 field representatives out to work with the dealer to help
23 them improve their sales, and that includes working with
24 them on their certified used vehicle programs that are a
25 part of the manufacturer or distributor's greater umbrella

1 of programs.

2 Thank you.

3 MR. DONNELLY: Mr. Blassingame, Chris Donnelly.

4 May I ask a question?

5 MR. BLASSINGAME: Member Donnelly, you have the
6 floor.

7 MR. DONNELLY: Just a point of clarification.
8 I really don't have a dog in this fight, but I think we'll
9 have to vote on it.

10 Member Doran, is your motion asking that the
11 distributor or manufacturer be able to provide additional
12 information or is it to be the only provider of
13 information?

14 MR. DORAN: Presiding Officer Blassingame, this
15 is Member Doran. May I respond to that?

16 MR. BLASSINGAME: Member Doran, yeah, if you
17 would, and if you need to, reread the motion.

18 MR. DORAN: Sure, I'd be happy to.

19 No, the purpose of the motion is not for the
20 manufacturer or distributor to be the sole or exclusive
21 provider of that information, nor is it meant to supersede
22 the information that is provided by the dealer.

23 It is for the department to be able to give
24 that information the appropriate weight or degree of
25 deference in the event that the dealer does not provide

1 information or does not provide a sufficient amount of
2 information to help that dealer get over the hump with the
3 agency so that they are not subject to an artificially low
4 allocation of temp tags.

5 Thank you.

6 MR. BLASSINGAME: Thanks.

7 MR. SULLIVAN: Thank you. Member Sullivan, I'd
8 like to be recognized, Presiding Officer.

9 MR. BLASSINGAME: Member Sullivan.

10 MR. SULLIVAN: Thank you.

11 With respect to the motion and speaking as a
12 franchised dealer, the largest franchised dealer in Texas,
13 I'd not be supportive of the motion.

14 Our dealers and our back office support are
15 more than capable of providing the information that DMV is
16 considering adopting. We're capable, we're ready, and we
17 would continue to have that responsibility ourselves and
18 not want to rely on a manufacturer to provide that
19 information either on our behalf or in our stead.

20 Thank you.

21 MR. DORAN: Presiding Officer Blassingame, this
22 is Member Doran again. May I respond to Mr. Sullivan's
23 comment?

24 MR. BLASSINGAME: Member Doran, you have the
25 floor.

1 MR. DORAN: Mr. Sullivan, thank you for your
2 comment, and I would agree that an operation like Group
3 One Automotive with the resources they have and the
4 sophistication that they have from a business standpoint,
5 I would like to think that this requirement would never
6 fall through the cracks with your operation.

7 But this may be of some considerable benefit to
8 smaller dealerships that do not have the resources or the
9 manpower, if you will, or the administrative support, and
10 this motion is intended to prevent the types of hiccups
11 that could cause a disruption to that dealer.

12 Thank you.

13 MR. PRATHER: This is Steve Prather. Could I
14 speak again?

15 MR. BLASSINGAME: Member Prather, you have the
16 floor.

17 MR. PRATHER: Thank you very much.

18 You know, the way it's been laid out that I'm
19 listening to today on this conference call with the 200
20 percent of what the dealer should expect to sell, I think
21 that's a pretty comfortable cushion for most dealers.

22 And with the state notifying them once they hit
23 50 percent allowing them to get more allocation of
24 temporary tags, I think this has been thought through very
25 well by the staff. I'm really surprised it came out like

1 it did, happily surprised I might say.

2 But if you're going to tell me every time I
3 apply for a tag that I'm at this percent or I had this
4 many remaining, if I'm not paying any more attention to my
5 business than that, I deserve to end up in a problem.

6 I don't mean that ugly, but you know, as
7 business people we have certain responsibilities, and
8 again, I don't think the manufacturer ought to get into
9 the middle of my business.

10 And like I said, I've been a dealer many, many
11 years, now retired, but I never encouraged the
12 manufacturer to get more involved in my business.

13 So I think what y'all have come up with is that
14 you will allow a dealer to provide whatever kind of
15 documentation, including that of the manufacturer's files
16 that they provide us, as evidence of the need of tags, I
17 think that's more than adequate, and I think a
18 recommendation to get the manufacturer to submit directly
19 to the state is not in the best interest of the dealer
20 body.

21 So there's my position. Thank you.

22 MR. BLASSINGAME: Thank you, Member Prather.

23 MR. DORAN: Presiding Officer Blassingame, this
24 is Member Doran again. I just have a clarification in
25 response to the last comment.

1 MR. BLASSINGAME: Member Doran, you have the
2 floor.

3 MR. DORAN: Yes. Just to be clear, this is not
4 a requirement that the manufacturer or distributor provide
5 that information; it is merely stating that if such
6 information is provided to the department by the
7 manufacturer or distributor the department may consider
8 that information and give it the appropriate weight that
9 it is due.

10 Such weight would not exceed the information
11 that was provided by the dealer, just that it could
12 supplement the information provided by the dealer, or in
13 the event that the dealer failed to provide the
14 information, then the department could rely upon that if
15 necessary.

16 Thank you.

17 MR. SULLIVAN: Presiding Officer, Member
18 Sullivan requests permission to speak, please.

19 MR. BLASSINGAME: Member Sullivan, you have the
20 floor.

21 MR. SULLIVAN: Thank you.

22 Our dealerships can vouch for the accuracy of
23 the information that we provide to DMV and readily so.
24 I'm not sure that I will be comfortable in relying on a
25 manufacturer to provide information on my behalf,

1 especially if I was not aware of it.

2 Secondly, we have three classes of tags that
3 are proved up into this item. I'm not sure that agent
4 tags or transfer tags or other situations similar to that
5 would be available information to a manufacturer as well.

6 I do appreciate Mr. Stark's comments, and I do
7 appreciate Mr. Prather's comments, and am in agreement
8 with both. Thank you.

9 MR. BLASSINGAME: Is there any further
10 discussion on the motion?

11 (No response.)

12 MR. BLASSINGAME: Hearing no further
13 discussion, I will now call for a vote. Members, when I
14 call your name, please state your name for the record and
15 whether you support the motion or do not support the
16 motion.

17 Member Bradburn?

18 MR. BRADBURN: Member Bradburn. I support it.

19 MR. BLASSINGAME: Member Brown?

20 (No response.)

21 MR. BLASSINGAME: Member Donnelly?

22 MR. DONNELLY: Member Donnelly supports it.

23 MR. BLASSINGAME: Member Doran?

24 MR. DORAN: Member Doran. I support the
25 motion.

1 MR. BLASSINGAME: Member Edwards?
2 (No response.)
3 MR. BLASSINGAME: Member Elam?
4 (No response.)
5 MR. BLASSINGAME: Member Ferguson?
6 MR. FERGUSON: Member Ferguson. I support the
7 motion.
8 MR. BLASSINGAME: Member Gonzalez?
9 MR. GONZALEZ: Member Gonzalez. I support the
10 motion.
11 MR. BLASSINGAME: Member Greenlaw?
12 (No response.)
13 MR. BLASSINGAME: Member Hayter?
14 MR. HAYTER: I support the motion.
15 MR. BLASSINGAME: Member Martin?
16 (No response.)
17 MR. BLASSINGAME: Member Murphy?
18 (No response.)
19 MR. BLASSINGAME: Member Prather?
20 MR. PRATHER: I do not support the motion.
21 MR. BLASSINGAME: Member Sims?
22 (No response.)
23 MR. BLASSINGAME: Member Sralla?
24 (No response.)
25 MR. BLASSINGAME: Member Stark?

1 MR. STARK: I do not support.

2 MR. BLASSINGAME: Member Sullivan?

3 MR. SULLIVAN: Sullivan votes no.

4 MR. BLASSINGAME: Member Thomas?

5 MS. THOMAS: Member Thomas. I support the
6 motion.

7 MR. BLASSINGAME: Member Vitela?

8 (No response.)

9 MR. BLASSINGAME: Member Zak?

10 MR. ZAK: I do not support the motion.

11 MR. BLASSINGAME: I'm David Blassingame, and I
12 do not support the motion.

13 MR. RICHARDS: Presiding Officer Blassingame,
14 David Richards here. May I have the floor, please.

15 MR. BLASSINGAME: Mr. Richards, you have the
16 floor.

17 MR. RICHARDS: You called Member Elam and
18 Member Murphy. It's my understanding -- I'm looking at
19 Mr. Murphy's name on the call. Can we go back and check
20 with Member Murphy and Member Elam to determine their vote
21 on this particular motion, please?

22 MR. BLASSINGAME: Member Elam, do you support
23 or not support the motion? Member Elam, are you on the
24 call?

25 (No response.)

1 MR. BLASSINGAME: Member Murphy, do you support
2 or not support the motion? Member Murphy, are you on the
3 call?

4 (No response.)

5 MR. BLASSINGAME: Mr. Richards, I don't get an
6 answer from either one of those.

7 MR. RICHARDS: Okay. We can proceed then. I
8 have, Presiding Officer Blassingame, seven for and five
9 against.

10 MR. BLASSINGAME: Yeah, that's what I've got.

11 MR. RICHARDS: Okay, great. So the motion
12 passes.

13 MR. BLASSINGAME: The motion will pass with a
14 positive vote of seven and a negative vote of five.

15 MR. PRATHER: This is Steve Prather. May I
16 have the floor?

17 MR. BLASSINGAME: You may, Member Prather.

18 MR. PRATHER: Thank you.

19 Does this vote count go to the board or does it
20 just go that the motion passed? What I'm saying is I want
21 to be sure the board knows that this is a highly divided
22 issue.

23 MS. BEAVER: Tracey Beaver, general counsel.
24 May I have the floor?

25 MR. BLASSINGAME: Ms. Beaver, you have the

1 floor.

2 MS. BEAVER: Thank you.

3 I would just like to add that the
4 recommendation of the advisory committee is for
5 presentation to the board, so the advisory committee's
6 presentation can certainly outline the final vote and that
7 it was not a minimis vote.

8 Also, any additional motions that might be made
9 during this recommendation of the advisory committee for
10 recommendation to the board can also be presented.

11 I just wanted to clarify that it's not that
12 only one motion can go forward to the board. The statute
13 under HB 3927 that it is at the request of the dealer or
14 converter in which the department may authorize additional
15 temporary tags, so if there's any additional motions that
16 the committee might like to make on how this additional
17 information from the manufacturer might be considered.

18 With the department looking at an adoption for
19 the board to consider, I just wanted to add that this is
20 an item that the committee can make additional motions or
21 if there's additional issues or topics the committee would
22 like to make a motion on, you're free to do so as well,
23 and the presiding officer typically is the one that makes
24 the presentation to the full board based on the
25 recommendations and motions from the committee.

1 Thank you.

2 MR. BLASSINGAME: Thank you, Ms. Beaver.

3 Are there any other motions made by members
4 with regard to HB 3927 maximum tag limits?

5 MR. SULLIVAN: Thank you. Presiding Officer,
6 Member Sullivan. I have a question for general counsel.

7 MR. BLASSINGAME: Member Sullivan, you have the
8 floor.

9 MR. SULLIVAN: Thank you.

10 Ms. Beaver, it was brought up earlier by
11 another member, and I'm curious as well, can this advisory
12 committee make a motion to exempt franchised dealers?

13 MS. BEAVER: Tracey Beaver, general counsel.
14 May I have the floor?

15 MR. BLASSINGAME: Ms. Beaver, you have the
16 floor.

17 MS. BEAVER: Thank you.

18 The statute under HB 3927 does not have a
19 mechanism to exempt type of dealer from implementation of
20 the statute. The committee is free to make those motions
21 and recommendations as they wish.

22 The department will be required to comply with
23 the requirement, of course, under the statute and make
24 sure that any exemptions or recommendations are in line
25 with and not in excess of the statutory requirements.

1 Exempting an entire type of regulated entity may not be in
2 line with the existing statutory language.

3 MR. SULLIVAN: Thank you, Ms. Beaver. Thank
4 you, Presiding Officer.

5 MR. BLASSINGAME: Are there any other motions
6 having to do with HB 3927 maximum tag limits?

7 MR. PRATHER: This is Steve Prather. May I
8 have the floor again, please?

9 MR. BLASSINGAME: You may have the floor.

10 MR. PRATHER: I don't know if this would be in
11 line, appropriate, or anything else, but I've just got to
12 ask it.

13 You know, some of us on this committee are
14 either in the car business today in the retail sales of
15 new and used vehicles or have been, in my case -- I've
16 recently retired -- and we have been in the trenches, if
17 you will, dealing with these temporary tags and customers
18 and everything of that sort.

19 There's other people that have been on the
20 periphery of the car business or maybe not even involved
21 in the car business that are on this committee.

22 Would it be inappropriate or acceptable to have
23 that same motion voted on just by those that are directly
24 involved or have been directly involved in the issuance of
25 those tags and have a vote exclusive for those people?

1 Because those are the people that are really going to have
2 to deal with this, not everybody on this committee. Would
3 that be in line or not?

4 MR. RICHARDS: Presiding Officer Blassingame,
5 David Richards. May I speak?

6 MR. BLASSINGAME: Mr. Richards, you have the
7 floor.

8 MR. RICHARDS: Mr. Prather, thank you for the
9 comment. All of the members of the advisory committee
10 have an equal vote. We appreciate your commentary about
11 members that are tied to the industry having maybe more
12 stake in the game, but each member of the advisory
13 committee has an equal vote whether they're in the
14 industry or not.

15 They may have certain business acumen they
16 bring to the discussion, so we can't do a separate vote of
17 just those that are impacted or affected or have been
18 associated with the auto industry at all.

19 I mean, we're trying to get a broad spectrum of
20 individuals, both consumers and auto industry folks,
21 manufacturers, dealers, and other business types that can
22 weigh in as concerned Texans for this discussion, so that
23 wouldn't be possible.

24 Thank you, Presiding Officer Blassingame.

25 MR. PRATHER: Thank you.

1 MR. BLASSINGAME: Thank you, Mr. Richards.

2 As it stands, the motion carries by a vote of
3 seven for and five against.

4 I will now move on to agenda item 2.B.i., and
5 the discussion on this item will be led by Monique
6 Johnston, director of the Motor Vehicle Division, and
7 Roland Luna, Titles Division.

8 MR. RICHARDS: Presiding Officer Blassingame,
9 this is David Richards again, for the record. May I
10 speak?

11 MR. BLASSINGAME: Yes.

12 MR. RICHARDS: I'm sorry to have to interject
13 again. We did have, and hopefully still have, Michael
14 Rigby, who is the general counsel for the Office of
15 Consumer Credit Commissioner, on item 2.B.ii. We'd like
16 to move that particular presentation up before 2.B.i. if
17 Mr. Rigby is still on the call. I know he had some time
18 limitations.

19 Mr. Rigby, can you raise your hand and let us
20 know if you're still on the call?

21 MR. RIGBY: Can you hear me?

22 MR. RICHARDS: Is this Michael Rigby?

23 MR. RIGBY: Yes.

24 MR. RICHARDS: Great.

25 Presiding Officer Blassingame, may Mr. Rigby

1 proceed then?

2 MR. BLASSINGAME: Let's go with item 2.B.ii.,
3 Mr. Rigby from the OCCC.

4 MR. RIGBY: Good morning, members. Michael
5 Rigby. I'm the general counsel for the Office of Consumer
6 Credit Commissioner, otherwise, known as the OCCC, or O
7 triple C. The OCCC licenses motor vehicle sellers to
8 engage in sales financing through retail installment
9 contracts, so to put it simply, the DMV licenses persons
10 to sell cars, and the OCCC licenses persons to finance the
11 sale through retail installment contracts.

12 I was asked to provide information to this
13 advisory committee about the OCCC's authority to obtain
14 and use fingerprints. Under Texas Finance Code Section
15 14.152, the OCCC is authorized to require our licensees
16 and applicants to submit fingerprints, and the Finance
17 Commission has adopted rules under Title 7, Section 84.613
18 of the Texas Administrative Code.

19 This rule describes the OCCC's use of the
20 fingerprints, which is to obtain criminal history record
21 information from the Texas Department of Public Safety,
22 DPS, and the Federal Bureau of Investigation, the FBI.

23 The principal parties of new license applicants
24 are required to submit their fingerprints, and if the
25 licensee changes its principal parties, then those new

1 principal parties must also submit their fingerprints. In
2 addition, if a person is fingerprinted in the process of
3 applying for an application or becoming a new principal
4 party and that person is arrested, then the DPS will alert
5 us to that fact and we can make inquiries based on that.

6 I understand that this committee is discussing
7 fraudulent issuance of temporary tags and that some of the
8 actors involved in this fraudulent activity obtained a DMV
9 license and access to the temporary tag system by using a
10 false identity, and I understand that the committee is
11 interested in the use of fingerprinting to verify the
12 identity of its license applicants to prevent this fraud.

13 I don't know of any instance where the OCCC
14 issued a license to an entity based on a false identity,
15 and I assume that the reason this has not occurred is
16 because we use the fingerprint system.

17 While the fingerprint requirement appears to
18 prevent this use of false identity, the primary purpose is
19 not to identify the persons or verify identity but to
20 obtain their criminal history record information.

21 DPS does allow us to obtain information through
22 methods. One is a name base search without fingerprints,
23 and the other one is with fingerprints. I understand that
24 DPS considers the fingerprint system to be preferred and
25 the more accurate method.

1 DPS strictly controls access use and sharing of
2 criminal history record information, and therefore, I am
3 almost certain that DPS would not allow the OCCC to share
4 criminal history record information with the Texas DMV.

5 And that concludes my presentation. I'll be
6 glad to answer any questions.

7 MR. BLASSINGAME: Members, do any of you have
8 any questions for the OCCC representative regarding their
9 presentation, or questions for the TxDMV staff?

10 MR. DORAN: Presiding Officer Blassingame, this
11 is Member Doran.

12 Did Mr. Rigby say that the OCCC is not
13 permitted to share that information with the DMV? I just
14 want to make sure I heard him correctly.

15 MR. RIGBY: That's correct. My understanding
16 is that we would not be allowed to share information with
17 the DMV [sic], but that question is probably more
18 appropriately addressed to DMV itself if there's some
19 exception to that, those controls, and DMV could identify
20 that, but given the strict controls that DMV asserts over
21 this information and the requirements about how we handle
22 that information, I would be very, very surprised if DPS
23 would allow us to share that information with DMV.

24 MR. DORAN: Thank you.

25 MR. BRADBURN: Member Bradburn, if I may speak?

1 MR. BLASSINGAME: Member Bradburn, please, you
2 have the floor.

3 MR. BRADBURN: Thank you, sir.

4 He is correct, you cannot share criminal
5 history; however, if you look in the Government Code under
6 Section 411, Texas Department of Motor Vehicles was
7 specifically authorized for criminal histories.

8 The Texas Department of Motor Vehicles already
9 has an ORI, which is an originating number to get you into
10 the FBI. And the reason we need the fingerprinting is
11 OCCC had it spot on that they have not had a fraudulent
12 one.

13 I can tell you in this three-year investigation
14 I've been out working with the federal agencies, indicting
15 people of millions of tags, one of the dealers created
16 over 400,000 tags, the same person did over 120,000 tags.
17 Both have fraudulent Florida identification.

18 The way the system is set up right now without
19 fingerprinting, they're checking Texas. I can name
20 several other of these criminal dealers -- I like to call
21 them bad actors -- fraudulent Puerto Rican IDs, fraudulent
22 additional Florida IDs. They're using stolen identities
23 out of Texas.

24 The authority is there to do it. I've been
25 told that by attorneys. I won't say where it came from;

1 I'm not an attorney. I think it's very important that the
2 DMV looks at this.

3 We actually requested a rule on October 20 with
4 this information to bring to DMV showing the authority to
5 help assist with this process.

6 Thank you.

7 MR. BLASSINGAME: Thank you.

8 Is there any further questions for the OCCC
9 representative regarding the presentation, or questions
10 for the TxDMV staff?

11 MR. SULLIVAN: Presiding Officer, Member
12 Sullivan. May I have the floor, please?

13 MR. BLASSINGAME: Member Sullivan, please take
14 the floor.

15 MR. SULLIVAN: Yes, sir. Thank you.

16 We are still going to hear from DMV staff on
17 sub I. Correct? This is not the end of the item, is it?

18 MR. BLASSINGAME: That is correct.

19 MR. SULLIVAN: Okay. So if I have questions
20 regarding time lines on fingerprint processing, I should
21 save those, or may I save them?

22 MR. BLASSINGAME: Yes.

23 MR. SULLIVAN: Okay. Thank you.

24 MS. BEAVER: Tracey Beaver, general counsel.
25 May I have the floor?

1 MR. BLASSINGAME: Ms. Beaver, you have the
2 floor.

3 MS. BEAVER: Thank you.

4 I just wanted to add that the department did
5 receive a petition for rulemaking, and it is under
6 consideration. We find it very important that this
7 committee have the opportunity to weigh in on whether
8 fingerprinting applicants, those that are regulated by the
9 department, would be a beneficial policy for the
10 department to consider.

11 There will be a presentation by the Motor
12 Vehicle Division director. As we moved over item 1 to go
13 to the OCCC, we thought it would be beneficial to hear a
14 little bit more about the internal process, as well, if
15 that is something that OCCC is able to provide at this
16 point.

17 And also wanted to clarify that the purpose of
18 this topic for this committee is not to review the legal
19 statutory authority but rather to determine and provide
20 input and expertise to the department as to whether
21 fingerprinting applicants would be a beneficial policy for
22 the department to consider in whatever format might be
23 needed.

24 Under existing law, Government Code Section
25 411.084 does limit the use of FBI criminal history

1 information and DPS criminal history information for the
2 exclusive use of the authorized recipient, so I would
3 support the conclusion that Mr. Rigby addressed about
4 being able to share information, such as criminal history,
5 between agencies is not something that we currently have
6 that authority for.

7 And I would just like to add, as Mr. Rigby did
8 address early on in his presentation, that OCCC has two
9 types of authority for fingerprinting. The first one is
10 to require applicants to provide fingerprints to OCCC and
11 the remedies OCCC has if those aren't submitted, such as
12 denial of the license. But I would like to let Mr. Rigby,
13 of course, talk to OCCC's authority.

14 But at this time TxDMV does not have a specific
15 statute stating that the department is authorized to
16 require applicants to submit those fingerprints, and then
17 we also do have that authority under Government Code 411
18 to receive the information from the DPS and FBI if we were
19 to submit an applicant's fingerprints.

20 At this time we're internally reviewing our
21 legal authority and what steps might be needed or
22 necessary or available for the department, but we did want
23 to have this committee weigh in on advice, recommendations
24 for the department as to whether fingerprinting would be a
25 viable or beneficial policy for the department to consider

1 without reviewing the legal authority, as we very much
2 appreciate and value the expertise and input that this
3 committee would have on whether that is a beneficial
4 policy choice to move forward.

5 There's also some other pre-licensing steps
6 that the director of the Motor Vehicle Division will
7 provide in a few moments as well.

8 But before we get to that, I just wanted to
9 turn it back over to Mr. Rigby with the OCCC if there is
10 any additional presentation that might be beneficial for
11 this committee to consider and what steps are taken with
12 fingerprinting and what internal processes might be
13 considered with this committee determining whether that
14 would be a recommendation that they make for the
15 department moving forward.

16 Thank you.

17 MR. BLASSINGAME: Mr. Rigby, do you have
18 anything else?

19 MR. RIGBY: Sure. Just to follow up -- and
20 this is based primarily on the rule that I mentioned
21 before, 84.613 -- once the applicant or principal parties
22 submit their fingerprints, we do gain access to any
23 criminal history record information.

24 If there is information in the DPS or FBI
25 databases, we do follow up with that person and ask them

1 for additional information, and go through a thorough
2 vetting to make sure that we have the correct person, and
3 we ask for an explanation of the incident, the charges,
4 the conviction if any, and if there is additional
5 information that person wants to provide, then they can do
6 it at that time.

7 This also comes up when I mentioned the
8 subsequent arrest that may happen after the license is
9 granted, so we've run into this -- you may be familiar
10 with like the Reagor Dykes situation; there was a
11 dealership in Beaumont called Daylight Motors, and there's
12 been recent in the news this week the situation with a
13 dealership.

14 So you know, this can happen after the license
15 is granted, and the DPS system does have a design element
16 in place to alert us when there's an arrest. In every
17 case we always contact the person and make sure that we've
18 got the correct individual and ask for an explanation and
19 do additional investigation.

20 Once we determine all the facts surrounding the
21 incident, we can decide to take action if that's
22 appropriate. There is a chapter under the Occupations
23 Code, Chapter 53, that prescribes the use of criminal
24 history information that balances the concerns of the need
25 to make sure bad actors aren't involved in the business

1 with the due process rights of the individual.

2 There's an opportunity for the entity and the
3 individual to request a hearing at the State Office of
4 Administrative Hearings and to appeal that to district
5 court and the appellate courts.

6 I'll be happy to answer any questions.

7 MR. BLASSINGAME: Thank you, Mr. Rigby.

8 Does anyone on the panel have further questions
9 for Mr. Rigby?

10 MR. BRADBURN: Member Bradburn. I have a
11 question for him.

12 MR. BLASSINGAME: Member Bradburn, you have the
13 floor.

14 MR. BRADBURN: Mr. Rigby, a quick question. If
15 you have more than one applicant -- example, I'm looking
16 at a license package this week where they had three
17 specific divided by a third applicants -- are you
18 fingerprinting all three or just one?

19 MR. RIGBY: We fingerprint the principal
20 parties, so that's generally people who own or control the
21 business.

22 MR. BRADBURN: Thank you, sir.

23 MR. PRATHER: This is Steve Prather. May I
24 have the floor?

25 MR. BLASSINGAME: Member Prather, you have the

1 floor.

2 MR. PRATHER: Thank you very much.

3 What has been your experience from the
4 turnaround time from the DMV or the Rangers or the FBI?
5 What is the quickest turnaround you've seen, and what is
6 the slowest turnaround you've seen?

7 MR. RIGBY: Are you asking me?

8 MR. PRATHER: Yes, sir, please.

9 MR. RIGBY: As soon as the fingerprints are
10 submitted, I believe we have access to that information,
11 so it's immediate upon -- or I think it's immediate upon
12 the submission of the fingerprints.

13 There has been, you know, some challenges
14 during COVID with having offices open to submit those
15 fingerprints, but I get regular emails from DPS about
16 which offices are open and closed, and we haven't received
17 any complaints about the inability to submit fingerprints.

18 Like I said, after we get access to the
19 information, we evaluate that, and there's a follow-up
20 process so that can sometimes take some time because it's
21 a back and forth. We want to make sure, like I said, that
22 we have the right individual and understand all the facts
23 regarding the criminal history record information.

24 MR. PRATHER: Thank you. I appreciate that.

25 I had heard, apparently incorrectly, that it

1 could take two to four months for you to get the FBI to
2 send some of this information back. Glad to know it's
3 instant.

4 MR. RIGBY: I don't think that's true.

5 MR. BLASSINGAME: Are there any other questions
6 from the members for Mr. Rigby?

7 (No response.)

8 MR. BLASSINGAME: Okay. I will now move on to
9 item 2.B.i., and the discussion on this item will be led
10 by Monique Johnston, director of the Motor Vehicle
11 Division, and Roland Luna, director of Vehicle Titles and
12 Registration Division.

13 Monique.

14 MR. RIGBY: I'm sorry. This is Michael Rigby.
15 I have another event I need to attend. May I be excused?

16 MR. BLASSINGAME: You are excused, Mr. Rigby.

17 MR. RIGBY: Thank you, sir.

18 MR. BLASSINGAME: Monique.

19 MS. JOHNSTON: Yes. Thank you, Presiding
20 Officer Blassingame. I'm Monique Johnston, director of
21 the Motor Vehicle Division.

22 The documents related to agenda item 2.B. start
23 on page 41 of your materials, and they provide an overview
24 of our current pre-licensing review process for an
25 independent GDN application, as well as some potential

1 enhancements that could help us deter individuals
2 attempting to obtain a license fraudulently. So those are
3 for your consideration just as a policy, and we can have
4 some discussion after I go through the process.

5 MVD's 18-member licensing staff typically
6 processes over 18,500 license applications per year on
7 average, 20 percent of those which are applicants for a
8 GDN or an independent general distinguishing number.

9 The pre-licensing process starts with a GDN
10 application being submitted through our eLICENSING system,
11 and then it's assigned to a licensing specialist for
12 processing, typically within one day from when it's
13 submitted by the applicant.

14 The licensing specialist reviews the file in
15 detail and completes various identity, affiliation and
16 location checks to identify possible issues with the
17 application. These checks include reviewing for other
18 active applications, previously withdrawn applications,
19 and previous MVD licenses.

20 They also review for license conflicts related
21 to the location, including other dealers present at the
22 same location. For example, there can only be four
23 dealers at a location and a GDN wholesale dealer cannot be
24 at the same location as a GDN retail dealer. So this is
25 the kind of things they're looking for.

1 Verifying the name and date of birth for each
2 applicant, owner, and manager listed on the application,
3 and running a DPS criminal history report, which is the
4 manual name search that we just recently discussed.

5 They also check each person listed on the
6 application for possible affiliation with any other
7 individual business entity or license that may have been
8 deemed unfit to hold a license. Reviewing the proposed
9 business location via Google Maps is another one of the
10 checks.

11 And then they review, of course, that the
12 correct payment was received, and they also review for
13 current or previous disciplinary history or concerns with
14 our Enforcement Division.

15 Once these checks are completed, the licensing
16 specialist will conduct a detailed analysis of the
17 application information, including the applicant's
18 responses to the questions on the application and all the
19 attachments received.

20 This includes reviewing the business name and
21 assumed names, the DBAs through the appropriate county or
22 Secretary of State, reviewing the ownership breakdown of
23 the business, and confirming that the correct business
24 type is listed.

25 Reviewing the attachments provided by the

1 application through the eLICENSING system, which include
2 photos of the exterior and interior of the business, the
3 certificate of responsibility, ownership and lease
4 documentation, applicant photo identification, assumed
5 name and DBA certificates, the surety bond, the
6 certificate of occupancy, and any other required building
7 permits or documents to meet city ordinances, and then a
8 completion certificate of the approved dealer licensing
9 education program, if it is required.

10 If additional documentation or clarification is
11 needed, the licensing specialist sends a deficiency letter
12 to the applicant and then provides proper follow-up and
13 reviews that information as needed.

14 If the application is complete and no other
15 information is needed and there are no concerns with the
16 application, then the licensing specialist will approve
17 the application and creates the license and sends the
18 license to the applicant.

19 As part of this application process, TxDMV is
20 also authorized to obtain criminal history information on
21 license applicants from the Department of Public Safety
22 through the name search feature.

23 We currently perform background checks for all
24 owners, managers, directors, officers, members, or
25 partners listed in the application using the person's name

1 and date of birth. Each person's driver's license number
2 and Social Security number are then used to verify any
3 criminal history records found.

4 The Transportation Code and Occupations Code
5 also require that an applicant for a GDN license
6 demonstrate its proposed physical location is an
7 established and permanent place of business.

8 Under the sections of the code, this requires
9 that an office must be in a building with connecting
10 exterior walls, may not be located in a residence or hotel
11 or motel, have a desk, two chairs, internet access and a
12 working telephone number, comply with all applicable
13 zoning ordinances and deed restrictions.

14 They must be open at least four days per week
15 for at least four consecutive hours per day. An owner or
16 bona fide employee shall be at the location during those
17 posted hours. Hours must be posted at the main entrance,
18 a permanently mounted sign with letters being at least six
19 inches in height must be posted, and they must have a
20 display area with a room for at least five vehicles
21 reserved exclusively for the dealer's business.

22 If there are any concerns with the location and
23 they cannot verify that an applicant meets these premise
24 requirements, then MVD staff may request that the
25 Enforcement Division conduct a site visit to verify the

1 location prior to issuing the license.

2 As part of some potential enhancements, MVD has
3 also identified some options to further improve the
4 pre-licensing procedures for an independent GDN applicant.

5 These actions are aimed at strengthening fraud
6 deterrence, while also ensuring that legitimate applicants
7 can meet licensure requirements without unnecessary
8 burden.

9 MVD may recommend the board consider adding the
10 following requirements for independent GDN dealers in
11 Chapter 215 to further deter fraud.

12 These potential recommendations can also be
13 found on page 48 of your materials and include
14 recommendations such as requiring identification for all
15 owners and managers or other authorized representatives,
16 performing criminal background checks on all persons
17 listed on the application, not just the owners,
18 presidents, and managing partners, requiring a notarized
19 photo affidavit in addition to the photo ID to be
20 submitted with the identification, requiring that the eTAG
21 administrator listed on the application be the owner or
22 manager and not a different person, requiring a notarized
23 premise affidavit and additional premise photos for new
24 applicants and current license holders who are relocating
25 which the applicant would have to confirm that they do

1 meet premise requirements and provide sufficient photos to
2 show that their location is actually an established
3 location, require a notarized premise affidavit and
4 additional photos to be submitted when a license is up for
5 renewal and that license has a history of complaints
6 related to premise, and then requiring also the affidavit
7 for those who are going to be relocating to a different
8 location.

9 And another option that the department is
10 considering is requiring site visits before licensing with
11 one owner or manager attending on all new applications,
12 all office relocations, and any renewal applications with
13 premise complaint history.

14 Of course, some of this might require
15 additional resources that would have to be requested in
16 order to put these as a requirement for licensure.

17 As we've already kind of discussed the
18 fingerprinting. This is another possible enhancement to
19 the licensing process, fingerprinting applicants as part
20 of the initial application.

21 Fingerprinting may offer a more comprehensive
22 and accurate identity and criminal history search of the
23 DPS and FBI databases. In addition, fingerprints would be
24 collected through a service that would require the
25 applicant to be present and show identification prior to

1 having their fingerprints collected electronically. This
2 could possibly deter fraud and ensure an applicant's
3 identity is fully vetted prior to the issuance of a
4 license.

5 In addition to that, it's also a more accurate
6 and a complete history of someone's criminal history, and
7 it's more accurate to ensure that that's the person that
8 you're looking at instead of just doing a name search with
9 someone's name and date of birth.

10 We are bringing these potential enhancements,
11 including the possibility of fingerprinting, to the
12 committee for a policy discussion.

13 Just a couple of things to consider: Adding
14 additional enhancements, of course, could potentially
15 increase the overall processing time for an application
16 and have an impact on the overall performance measures.
17 There is also a cost relating to fingerprinting that would
18 be the responsibility of the applicant.

19 And Chair Blassingame, this is the end of my
20 presentation, and I'm available for any questions.

21 MR. BRADBURN: Member Bradburn. I have a
22 question.

23 MR. BLASSINGAME: Member Bradburn, you have the
24 floor.

25 MR. BRADBURN: Thank you.

1 Regarding the current criminal history process,
2 if I apply for a GDN and I've got an El Salvadorian ID --
3 which is one of these recent ones -- are you only checking
4 Texas criminal history or are you accessing FBI for
5 nationwide history?

6 MS. JOHNSTON: Chair Blassingame, Monique
7 Johnston. May I have the floor?

8 MR. BLASSINGAME: Ms. Johnston, you have the
9 floor.

10 MS. JOHNSTON: Thank you.

11 If we have someone who has an out-of-state
12 address, then we do use the LexisNexis search for those
13 individuals.

14 MR. BRADBURN: All right. Thank you.

15 MS. JOHNSTON: Thank you.

16 MR. BLASSINGAME: Any other questions for TxDMV
17 staff?

18 MR. LUNA: Officer Blassingame, Roland Luna,
19 Vehicle Titles and Registration Division director. May I
20 be recognized?

21 MR. BLASSINGAME: Director, you have the floor.

22 MR. LUNA: Thank you, Officer Blassingame.

23 One of the other items that we do as a fraud
24 prevention mechanism in the Motor Vehicle Division is that
25 the name search would still be conducted, so someone, even

1 though they're an out-of-state license -- if they're a
2 requester from out of state, we're still going to be
3 running their name through our internal systems to see if
4 there's any link analysis with that name with our
5 Enforcement Division, if there's been any names that have
6 been associated at that location for a previous license
7 application or listed anywhere else.

8 So while this may be the initial application
9 for this out-of-state requester, there is still some
10 internal analysis that is being conducted on the front-end
11 to try to prevent fraud.

12 MR. BRADBURN: Member Bradburn. I'd like to
13 respond to that.

14 MR. BLASSINGAME: Member Bradburn, you have the
15 floor.

16 MR. BRADBURN: Thank you.

17 But the problem with that -- I appreciate you
18 doing that -- I can give you a couple of examples.

19 High Country of Houston, one of the IDs was a
20 flat-out stolen identity, if you ran it it was the person,
21 if run a check there.

22 If you look locally, there's a dealer I
23 arrested or our office arrested, he was selling tags at
24 about a thousand level. He reopened under his wife's name
25 just this past summer, but if you ran the license, the

1 application package, it was the same email address, the
2 same lease in his name, had the same phone number from the
3 prior GDN you guys revoked. So I'm not real confident
4 right now on the process you guys are doing.

5 MR. BLASSINGAME: Director Luna.

6 MR. LUNA: Roland Luna, Vehicle Titles and
7 Registration Division director. May I have the floor.

8 MR. BLASSINGAME: You have the floor.

9 MR. LUNA: Thank you, sir.

10 We understand that there is some room for
11 improvement, and we want to continue to work with law
12 enforcement agencies and officials and this committee to
13 improve this process.

14 One of the things that we also are doing as
15 well is the link analysis which we have called
16 affiliation. We are looking for affiliated license
17 requester, so if someone is requesting and submitted an
18 application for a new license, we are looking at
19 affiliation -- husband, wife, family members -- to ensure
20 that we're trying to prevent fraudulent activity from
21 continuing to occur. So this is something that we're
22 continuing to try to enhance to prevent fraud from
23 occurring in the future.

24 And thank you for your recommendation.

25 MR. BRADBURN: I would like to respond if I

1 may.

2 MR. LUNA: Yes, sir.

3 MR. BRADBURN: Our office is here to work with
4 you. I mean, the bottom line is unless we get the
5 fingerprinting done, we're not going to know who the
6 criminals are. It's going to be at their expense, as you
7 say.

8 And the next most important thing, in my
9 opinion, is site vetting. We looked at these packages
10 nonstop on the criminal dealers; some of them are flat-out
11 just photoshopping the application.

12 And I understand the premise inspection, I used
13 to do it when I was with the DMV, I know it's going to be
14 a burden on the investigators, but without actually
15 physically going to these locations and seeing that they
16 meet the requirements, they're going to slip through.

17 It is going to be a burden on you, some of that
18 will be an expense, and I just wanted to pass that on.

19 Thank you.

20 MR. BLASSINGAME: Thank you, Member Bradburn.

21 Is there any further discussion for TxDMV staff
22 or questions?

23 (No response.)

24 MR. BLASSINGAME: I'll move on to item 2.B.iii.
25 which will be recommendations of the advisory committee to

1 the department regarding pre-licensing process for motor
2 vehicle dealers related to applicant verification process,
3 including fingerprinting and locale verification.

4 MR. BRADBURN: Member Bradburn. I'd like to
5 make a motion.

6 MR. BLASSINGAME: Member Bradburn, you have the
7 floor.

8 MR. BRADBURN: Thank you.

9 I'd like to make a motion to bring before the
10 Texas Department of Motor Vehicles Board at their next
11 regular meeting our recommendation to prevent future fraud
12 by creating the following two rules. Rule number one, as
13 authorized by the Government Code to require all new
14 applicants to be electronically fingerprinted at their
15 personal expense, with a records review by TxDMV licensing
16 prior to their being issued a GDN, or general
17 distinguishing number.

18 And then rule number two, it is our
19 recommendation to the Texas Department of Motor Vehicles
20 Board that they conduct in-person onsite premise
21 inspections of all non-franchised GDN, or general
22 distinguishing numbers, prior to their being issued a
23 license to ensure they are in compliance with all the
24 TxDMV requirements.

25 MR. BLASSINGAME: Second?

1 MR. HAYTER: This is Russell Hayter. I'll
2 second.

3 MR. BLASSINGAME: I'm sorry. We have a second,
4 and if there's any further discussion, it needs to be held
5 now.

6 MR. PRATHER: This is Steve Prather. May I
7 have the floor?

8 MR. BLASSINGAME: You may have the floor.

9 MR. PRATHER: Is the motion saying that the
10 fingerprinting an onsite inspection is for all dealers or
11 for independent dealers? Could I get clarity on that,
12 please?

13 MR. BRADBURN: Member Bradburn. I used the
14 term non-franchised. It would be just for the independent
15 dealers.

16 MR. PRATHER: For all of this it's just
17 independent dealers?

18 MR. BRADBURN: Correct, just independent
19 dealers. Franchised would not be involved in the premise
20 requirement.

21 MR. PRATHER: What about the fingerprinting?

22 MR. BRADBURN: I would believe that all
23 dealers -- the board would have to discuss that.
24 Personally, I think it would be going forward, so when
25 they would do a renewal they would have someone to get

1 fingerprinted. That's something the board could discuss.

2 Honestly, again I can even amend that. The franchised
3 dealers are not the problem here; it is the independent
4 dealers, only the criminal ones. The majority of
5 independent dealers themselves, they're good law-abiding
6 dealers.

7 I would like to amend my motion.

8 MR. PRATHER: Again, the motions say franchised
9 dealers and independent dealers are required to be
10 fingerprinted, or only does the motion say it is only
11 independent dealers?

12 MR. BRADBURN: Member Bradburn. Can I amend my
13 motion, please?

14 MR. BLASSINGAME: You may, Member Bradburn.
15 You have the floor.

16 MR. BRADBURN: I'd like to amend my motion to
17 specifically say for rule number one and rule number two
18 that I requested, this was for non-franchised dealers or
19 independent dealers only.

20 MR. BLASSINGAME: We have the amended motion.
21 Is there any further discussion?

22 MR. RICHARDS: Presiding Officer Blassingame,
23 David Richards, for the record. May I speak, please?

24 MR. BLASSINGAME: Mr. Richards, you have the
25 floor.

1 MR. RICHARDS: We do, I believe, have David
2 Kohler from the Travis County Sheriff's Office, that may
3 want to comment on this fingerprinting item before the
4 vote is taken. Is Mr. Kohler still available?

5 (Pause.)

6 MR. RICHARDS: Mr. Kohler, are you available?
7 I believe he's in the Lone Star Room.

8 MR. KOHLER: Can you hear me?

9 MR. BLASSINGAME: Mr. Kohler, you have the
10 floor.

11 MR. KOHLER: Are you able to hear me okay?

12 MR. BLASSINGAME: Yes.

13 MR. KOHLER: Okay. First, thank y'all very
14 much for your time. Yes, I do work for the Sheriff's
15 Office, but I'm not representing the Sheriff's Office.
16 I'm representing myself as a law enforcement officer that
17 sees fraudulent tags every day when I go to work.

18 My first comment, I want to support Member
19 Doran, Donnelly, and Member Bradburn for their comments
20 and suggestions. I've testified before this committee
21 before, Senate Transportation, House Transportation.

22 The original intent of 3927 was never about
23 franchised dealers and legitimate used car dealers. This
24 was about criminals who have infiltrated the system with
25 no vetting or verification and are selling tags. That's

1 all it was about.

2 The euphoria of agenda item 2, I won't go
3 there, but you have to verify who you're giving the keys
4 to the kingdom to. I can submit a GDN application in
5 Member Donnelly's name, using his identification card, and
6 nobody will ever find me.

7 And I really do support the motion of
8 fingerprinting and vetting, and I also challenge it not to
9 wait till February for the next board; this should have
10 been done five minutes ago and five months ago.

11 I'm available for any questions from board
12 members, and thank you for your time.

13 MR. BLASSINGAME: Questions form the members?

14 (No response.)

15 MR. BLASSINGAME: Is there any further
16 discussion?

17 (No response.)

18 MR. BLASSINGAME: Members, when I call your
19 name, please state your name for the record and whether
20 you support the motion or do not support the motion.

21 Member Bradburn?

22 MR. BRADBURN: Member Bradburn. I support the
23 motion.

24 MR. BLASSINGAME: Member Brown?

25 (No response.)

1 MR. BLASSINGAME: Member Donnelly?

2 MR. DONNELLY: Member Donnelly. I support the
3 motion.

4 MR. BLASSINGAME: Member Doran?

5 MR. DORAN: Member Doran. I support the
6 amended motion.

7 MR. BLASSINGAME: That's the motion before us
8 right now.

9 MR. DORAN: That's the one I support.

10 MR. BLASSINGAME: Member Edwards?

11 (No response.)

12 MR. BLASSINGAME: Member Elam?

13 MR. ELAM: I support the motion before us.

14 MR. BLASSINGAME: Member Ferguson?

15 MR. FERGUSON: I support the motion before us.

16 MR. BLASSINGAME: Member Gonzalez?

17 MR. GONZALEZ: Member Gonzalez. I support the
18 motion.

19 MR. BLASSINGAME: Member Greenlaw? Member
20 Greenlaw?

21 (No response.)

22 MR. BLASSINGAME: Member Hayter?

23 MR. HAYTER: Member Hayter supports the motion.

24 MR. BLASSINGAME: Member Martin? Member
25 Martin?

1 (No response.)

2 MR. BLASSINGAME: Member Murphy? Member

3 Murphy?

4 (No response.)

5 MR. BLASSINGAME: Member Prather?

6 MR. PRATHER: Member Prather supports the

7 motion.

8 MR. BLASSINGAME: Member Sims? Member Sims?

9 (No response.)

10 MR. BLASSINGAME: Member Sralla? Member

11 Sralla?

12 (No response.)

13 MR. BLASSINGAME: Member Stark?

14 MR. STARK: Member Stark. I support.

15 MR. BLASSINGAME: Member Sullivan?

16 MR. SULLIVAN: Sullivan supports.

17 MR. BLASSINGAME: Member Thomas? Member

18 Thomas?

19 (No response.)

20 MR. BLASSINGAME: Member Vitela? Member

21 Vitela?

22 (No response.)

23 MR. BLASSINGAME: Member Zak?

24 MR. ZAK: Member Zak supports.

25 MR. BLASSINGAME: I, David Blassingame, support

1 the motion also, so let the record reflect that there are
2 ten votes for and no votes against.

3 Members, now we'll move on to agenda item 3.

4 David Richards, are there any comments from the
5 public?

6 MR. RICHARDS: Presiding Officer Blassingame, I
7 believe there is one, Joe Perez.

8 Mr. Perez, are you on the call still? Mr.
9 Perez, will you raise your hand?

10 (No response.)

11 MR. RICHARDS: Staff, do we know if we still
12 have Mr. Perez on the call?

13 (No response.)

14 MR. RICHARDS: Presiding Officer Blassingame,
15 David Richards, for the record.

16 We do not have Mr. Perez on the call from all
17 indications, and he would be the last public commenter
18 that signed up, so you can move on in the agenda.

19 MR. BLASSINGAME: Okay. So that will move us
20 on to item number 4. Adjournment of the meeting.

21 We don't have any comment sheets from the
22 public, so unless there's further business, I would like
23 to entertain a motion to adjourn. Do I have a motion from
24 anyone to adjourn this meeting?

25 MR. STARK: Motion to adjourn.

1 MR. DORAN: Second. Member Doran.

2 MR. BLASSINGAME: Second is Member Doran. Who
3 made the motion?

4 MR. STARK: Member Stark.

5 MR. BLASSINGAME: So we have a motion by Member
6 Stark and a second by Member Doran. All in favor?

7 (A chorus of ayes.)

8 MR. BLASSINGAME: It is now 11:48 a.m., and we
9 are adjourned.

10 (Whereupon, at 11:48 a.m., the meeting was
11 adjourned.)

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C E R T I F I C A T E

MEETING OF: TxDMV Motor Vehicle Industry Regulation
Advisory Committee

LOCATION: Austin, Texas

DATE: December 16, 2021

I do hereby certify that the foregoing pages,
numbers 1 through 122, inclusive, are the true, accurate,
and complete transcript prepared from the verbal recording
made by electronic recording by Nancy H. King before the
Texas Department of Motor Vehicles.

DATE: December 27, 2021

/s/ Nancy H. King
(Transcriber)

On the Record Reporting
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Austin, Texas 78752